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——A Study on International Exit in the Chinese Outward Foreign Direct Investment (OFDI) Context*

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2013



Environment, Marketing Strategy, Performance, and International Exit: Why and How They Are Connected

*—A Study on International Exit in the Chinese Outward Foreign
Direct Investment (OFDI) Context*

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The thesis is submitted to Durham University Business
School for the degree of PhD

Durham University Business School, Durham University,
United Kingdom

ABSTRACT

Although research on foreign market entry and expansion behaviour has attracted significant interest in the literature, there is a general lack of research (both conceptual and empirical) on the exit behaviour of Foreign Direct Investment (FDI) firms. To address this issue, the current study develops a conceptual framework by extending the Environment-Strategy-Performance (ESP) paradigm to include the exit decision as a consequence of current performance. This thesis draws notions from various theories including the ESP paradigm, fit theory, dynamic capabilities (DC) theory, and the theory of competitive advantage. The objective is to take an initial step towards reducing the discrepancy between previous conceptual research and empirical research on exit, by developing a conceptual framework and empirically examining it in the context of Chinese Outward Foreign Direct Investment (OFDI). It also aims to lay the conceptual foundation for subsequent empirical research on international marketing and international exit. Several research hypotheses are advanced and tested using questionnaire survey data. The main research results show that both dissatisfactory performance of a foreign affiliate, and the internal strategic misfit between a foreign affiliate and its headquarters are important triggers of the exit decision. However, when the moderating role of a foreign affiliate's marketing capabilities is considered, the impact of strategic misfit on the exit decision becomes not significant, whereas the influence of dissatisfactory performance on the exit decision remains significant. The research results have generated new insights into both international marketing strategy and international exit behaviour. Implications for both headquarters' managers and foreign affiliates' managers are also discussed.

Key words: International marketing; international performance; internal strategic fit; exit

TABLE OF CONTENTS

TITLE PAGE.....	0
ABSTRACT	1
TABLE OF CONTENTS.....	2
LIST OF FIGURES AND TABLES.....	6
DECLARATION.....	8
STATEMENT OF COPYRIGHT	9
ACKNOWLEDGEMENTS	10
CHAPTER 1: INTRODUCTION.....	14
1.1 SCOPE OF THE RESEARCH.....	14
1.2 RESEARCH OBJECTIVES.....	16
1.3 CONTRIBUTION OF THE STUDY.....	19
1.4 STRUCTURE OF THE THESIS	26
CHAPTER 2: LITERATURE REVIEW.....	29
2.1 DATA SOURCE OF THE LITERATURE REVIEW.....	29
2.2 GENERAL STATUS QUO/ TRENDS IN RESEARCH ON EXIT BEHAVIOUR.....	31
2.3 DISCIPLINE-SPECIFIC RESEARCH ON EXIT BEHAVIOUR.....	34
2.4 RESEARCH ON INTERNATIONAL EXIT AND FDI FIRMS' EXIT	43
2.5 CONCLUSION	45
2.6 SUMMARY	46
CHAPTER 3: MODEL DEVELOPMENT AND RESEARCH HYPOTHESES	47
3.1 FOCUSES OF CURRENT RESEARCH.....	47
3.2 THEORETICAL BASES FOR THE CONCEPTUAL FRAMEWORK	48
3.2.1 The ESP Paradigm	48
3.2.2 Fit Theory	55
3.2.3 Dynamic Capabilities Theory and the Theory of Competitive Advantage	57
3.3 CONCEPTUAL FRAMEWORK	59
3.4 RESEARCH HYPOTHESES.....	65
3.4.1 Environmental Factors and International Marketing-mix Strategies.....	65
3.4.1.1 Government assistance and international marketing-mix adaptation.....	65
3.4.1.2 Environmental difference and international marketing-mix adaptation.....	67

3.4.1.3 Competitive intensity and international marketing-mix adaptation	70
3.4.1.4 Centralisation and international marketing-mix adaptation	71
3.4.1.5 Degree of internationalisation and international marketing-mix adaptation	73
3.4.2 International Marketing Strategies and International Performance	74
3.4.2.1 Strategic co-alignment among the international marketing-mix adaptation and international performance.....	75
3.4.2.2 Strategic co-alignment among the international marketing-mix adaptation and competitive advantage	76
3.4.2.3 Marketing capabilities and competitive advantage.....	77
3.4.2.4 Strategic co-alignment among the international marketing-mix adaptation, international marketing capabilities, and international performance.....	79
3.4.2.5 Strategic co-alignment among the international marketing-mix adaptation, international marketing capabilities, and competitive advantages	80
3.4.2.6 Competitive advantages and international performance	82
3.4.2.7 Strategic fit and international performance.....	83
3.4.2.8 International performance and exit from the foreign market	84
3.4.2.9 Strategic fit and exit from the foreign market.....	85
3.4.2.10 International marketing capabilities, international performance, and exit from the foreign market	86
3.5 SUMMARY.....	89
CHAPTER 4: RESEARCH DESIGN	91
4.1 GENERAL RESEARCH DESIGN STRATEGY	91
4.2 RESEARCH METHODS FOR DATA COLLECTION.....	93
4.3 DEVELOPMENT OF THE QUESTIONNAIRE.....	95
4.3.1 Specifying the Information Needed.....	95
4.3.2 Determining the Content of Individual Questions.....	103
4.3.3 Overcoming the Respondent's Inability and Unwillingness to Answer	103
4.3.4 Choosing the Question Structure	104
4.3.5 Choosing the Question Wording.....	105
4.3.6 Arranging the Questions in Proper Order.....	106
4.3.7 Identifying the Form and Layout.....	107
4.4 REVIEWING THE QUESTIONNAIRE	108
4.5 ELIMINATING PROBLEMS BY PILOT-TESTING.....	109

4.6 REVISING THE QUESTIONNAIRE AND IMPLEMENTING THE MAIN STUDY	111
4.7 ADMINISTRATION OF THE SURVEY	112
4.7.1 Defining the Population	112
4.7.2 Selecting the Sampling Frame	113
4.7.3 Choosing a Sampling Method.....	114
4.7.4 Specifying the Sample Size.....	115
4.7.5 Collecting the Data	116
4.8 PROFILE OF THE SAMPLE.....	118
4.9 NON-RESPONSE BIAS	121
4.10 COMMON METHOD BIAS	124
4.11 ENDOGENEITY	129
4.12 SUMMARY	130
CHAPTER 5: DATA ANALYSIS AND RESULTS	131
5.1 EXAMINING THE DATA.....	131
5.1.1 Missing Data	132
5.1.2 Outliers	135
5.1.3 Testing the Assumptions of Multivariate analysis	136
5.2 CONFIRMATORY FACTOR ANALYSIS	144
5.3 CONTROL VARIABLES	152
5.3.1 Control Variables in the ES Model	152
5.3.2 Control Variables in the SPS Model	155
5.4 VALIDITY AND RELIABILITY ASSESSMENT	157
5.5 STRUCTURAL EQUATION MODELLING: HYPOTHESES TESTING.....	161
5.5.1 Assessment of the ES Model.....	162
5.5.2 Assessment of the SPS Model	166
5.6 SUMMARY	176
CHAPTER 6: DISCUSSION	177
6.1 THE ES (ENVIRONMENT-STRATEGY) MODEL.....	178
6.1.1 Government Assistance and International Marketing Adaptation	178
6.1.2 Environmental Difference and International Marketing Adaptation.....	180
6.1.3 Competitive Intensity and International Marketing Adaptation	181
6.1.4 Centralisation and International Marketing Adaptation	182
6.1.5 Degree of Internationalisation and International Marketing Adaptation.....	184

6.2 THE SPS (STRATEGY-PERFORMANCE-STRATEGY) MODEL.....	185
6.2.1 Strategic Co-alignment among the International Marketing-mix Adaptation and International Performance	185
6.2.2 Strategic Co-alignment among International Marketing-mix Adaptation and Competitive Advantage	187
6.2.3 International Marketing Capabilities and Competitive Advantage.....	188
6.2.4 Strategic Co-alignment among the International Marketing-mix adaptation, International Marketing Capabilities, and International Performance.....	189
6.2.5 Strategic Co-alignment among the International Marketing-mix adaptation, International Marketing Capabilities, and Competitive Advantage	190
6.2.6 Competitive Advantage and International Performance	191
6.2.7 Strategic Fit and International Performance	192
6.2.8 International Performance and Exit from the Foreign Market	194
6.2.9 Strategic Fit and Exit from the Foreign Market	195
6.2.10 International Performance, International Marketing Capabilities, and Exit from the Foreign Market	196
6.2.11 Strategic Fit, International Marketing Capabilities, and Exit from the Foreign Market.....	198
6.3 THE ESPS (ENVIRONMENT-STRATEGY-PERFORMANCE-STRATEGY) MODEL AS A WHOLE.....	199
CHAPTER 7: CONCLUSION	203
7.1 RESEARCH IMPLICATIONS.....	203
7.1.1 Theoretical Implications.....	203
7.1.1.1 From the ESP paradigm to the ESPS paradigm	204
7.1.1.2 Fit theory.....	206
7.1.1.3 Dynamic capabilities theory and the theory of competitive advantage	209
7.1.2 Managerial Implications	210
7.2 RESEARCH LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH	214
APPENDICES.....	222
Appendix 1. Summary of Studies on Exit Behaviour.....	223
Appendix 2. Online Questionnaire	253
Appendix 3. Online Questionnaire (Chinese Version).....	271
REFERENCES.....	290

LIST OF FIGURES AND TABLES

List	Title	Page
Figure 1.1	Structure of the Thesis	28
Figure 2.1	Number of Publications in Each Discipline	31
Figure 3.1	Relationship between Environment and Marketing Strategies	63
Figure 3.2	Relationship between Strategies and International Performance	64
Table 3.1	Summary of the Research Hypotheses in the ESPS Model	89
Table 4.1	Measurement and Scaling Constructs	96
Table 4.2	Characteristics of Pilot-Testing the Questionnaire	110
Table 4.3	Proportionate Stratified Sampling of Chinese Outward FDI Firms	116
Table 4.4	Profile of the Respondent Chinese Outward FDI Firms in the Sample	119
Table 4.5	Tests for Differences in Means between Early and Late Respondent Firms	123
Table 4.6	The Assessment of Inter-Rater Agreement between the Two Respondents	127
Table 5.1	Descriptive Statistics of Missing Data	133
Table 5.2	Descriptive Statistics for Univariate Normality Test	137
Figure 5.1	Tests for Homoscedasticity	141
Table 5.3	Levene's Test for the Equality of the Variance	142
Table 5.4	Durbin-Watson Test for Independent Errors	143
Table 5.5	Statistical Tests for Multi-Collinearity	144
Table 5.6	Confirmatory Factor Analysis and Construct Reliability	148
Table 5.7	Correlation Matrix for Constructs in the ES Model	160
Table 5.8	Correlation Matrix for Constructs in the SPS Model	161
Table 5.9	Results of Hypotheses Tests for the ES Model	163
Table 5.10	Results of Hypotheses Tests for the SPS Model	169
Figure 5.2	Moderating Effect of Marketing Capabilities on the Relationship between Co-alignment among Marketing-Mix Adaptation and International Performance (H9)	174

List	Title	Page
Figure 5.3	Moderating Effect of Marketing Capabilities on the Relationship between Co-alignment among Marketing-Mix Adaptation and Competitive Advantage (H10)	174
Figure 5.4	Moderating Effect of Marketing Capabilities on the Relationship between International Performance and Exit from the Foreign Marketing (H15)	175
Figure 5.5	Moderating Effect of Marketing Capabilities on the Relationship between Strategic Fit and Exit from the Foreign Marketing (H16)	175

DECLARATION

I hereby declare that the materials contained in this thesis have not been previously submitted in application for another degree to this or to any other learning institution. I further declare that except for those quotes, citations or references that have been duly acknowledged, this thesis is the result of my original investigation.

STATEMENT OF COPYRIGHT

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CHAPTER 1: INTRODUCTION

This chapter begins by discussing the scope of this research study. The research objectives are then enumerated, and the contribution of the study is outlined. Finally, the structure of the thesis is summarised and a figure (Figure 1.1) with an overview of each stage of the study is presented.

1.1 SCOPE OF THE RESEARCH

International trade is an open and dynamic business cycle, as every year numerous firms initiate their business in foreign markets and a large proportion of firms exit their foreign markets, with new firms stepping in. Firms' entry, expansion and exit are the three basic activities in the cycle (Campbell 1998). Clearly, these behaviours are not independent from each other because firms' entry, dynamic development, and exit activities are in a long-run equilibrium (Hopenhayn 1992; Mellahi and Wilkinson 2004). Therefore, firms' exit rate is usually positively related to entry rate within an industry (Alvarez and López 2008). In this study, exit refers to an FDI (Foreign Direct Investment) firm's long-run voluntary decision to partially or fully liquidate or sell an active operation in a foreign market (Boddewyn 1979b; Mankiw 2011).

At the micro level, accompanying the rapid economic globalisation during the past half century, the increasingly furious worldwide competition frequently pushes many FDI firms to the verge of exiting from the foreign market. This implies that exit decisions have never become as important as now (McDermott 2010). However, despite the paramount role of such decisions, most managers have no idea how to handle these efficiently and confidently regardless of their previous exit experience (Burgelman 1996; Sachdev 1976). Nor do most managers conduct detailed analyses before and after these decisions are made (Boddewyn 1983). This may be partly explained by the fact that present research on international exit behaviour is scant (Benito 2005; Berry 2010a; Dixit and Chintagunta 2007; McDermott 2010; Swoboda, Olejnik, and Morschett 2011) and, therefore, unable to provide insightful instructions for firms' operations. As such, research on what, and how, different factors may influence an exit decision would greatly benefit FDI firms in their activities.

In the literature, severe asymmetry exists in the research on entry, expansion, and exit behaviour. Specifically, there is a plethora of research on firms' entry and expansion behaviour (Griffith, Cavusgil, and Xu 2008), whereas there is a general lack of research (whether conceptual or empirical) on the exit behaviour of FDI firms (Fetscherin, Voss, and Gugler 2010). This is mainly because many firms have a 'closed' attitude towards sharing their exit experience with researchers and tend to perceive exit as a failure (Burt, Dawson, and Sparks 2008; Sachdev 1976). Choosing the most costly entry mode (i.e. FDI) indicates that the investment is long-term oriented and that the majority of the firms following this approach intend to stay in the foreign market. In this regard, FDI firms' exit behaviour does indicate unsuccessful components when compared to their

initial intentions, even though the exit might be a proactive reallocation of those firms' resources. Although research on entry and expansion behaviour may help managers to understand the important factors for success, research on the exit behaviour informs managers about factors that inhibit success. Learning from unsuccessful strategies may be more valuable than learning from success (Madsen and Desai 2010), as managers can become more aware of success inhibitors based on painful lessons, which may increase the probability of subsequent success (Dillon 2011; Madsen and Desai 2010; Shaver, Mitchell, and Yeung 1997). Therefore, firms' exit behaviour should be as important, if not more so, than their entry and expansion behaviour.

1.2 RESEARCH OBJECTIVES

Based on a detailed literature review of the previous studies (see Appendix 1), the researcher found the following characteristics that attracted attention:

- (1) A discrepancy exists between conceptual research and empirical research regarding the number of studies and their research focus. Although conceptual studies have attached equal importance to strategic reasons and performance triggers for firms' international exit decision, few empirical studies have made efforts to examine both of the two aspects.

- (2) A variety of disciplines has studied the determinants of firms' exit behaviour from various perspectives, based on diverse theories. However, very few studies on exit have organised direct determinants (e.g. performance) and indirect determinants (e.g. environment, structure) of exit in a manner that allows the inter-relationships between these determinants to be clearly modelled.
- (3) There have been no efforts to explore individual firms to examine fundamental reasons for their exit behaviour. Specifically, almost no studies have tried to investigate the important role of marketing strategies in shaping firms' performance and subsequently link those strategies and performance in an effort to explain/predict firms' international exit behaviour. Linking research on exit with studies on marketing strategy is of great importance, because the majority of the FDI firms undertake basic marketing activities such as production, promotion, pricing, and/or distribution (although some may have other focal functions, such as management) (Kotler and Armstrong 2010). Therefore, how well they formulate and implement the marketing strategies to meet the local demand in the foreign market determines, to a large extent, their international performances, which in turn trigger subsequent exit decisions. In this regard, the subsequent exit decisions not only relate to strategic management, but are more fundamentally associated with marketing strategies.
- (4) Research on exit is rather imbalanced regarding the research context. Specifically, there is a general lack of research on international exit behaviour, when compared with research on exit behaviour in a domestic context.

Therefore, the primary objective of this study is to address the above four aspects. It aims to address the first point by including international performance as well as strategic fit between a foreign affiliate and its headquarters in the proposed model, regarding these as the two most important triggers of the international exit decision. It aims to address the second point concerning the logical link between environmental, strategic, and performance factors, by exploring previous research findings in the international marketing/management area. Thirdly, the study aims to extend the ESP (Environment-Strategy-Performance) paradigm to the ESPS (Environment-Strategy-Performance-Strategy) paradigm, thereby adding to current exit research by producing new research findings regarding the connections between environment, performance, and strategies from marketing disciplines, and essentially advancing the research in both areas. Finally, the study aims to address the last point by being designed on the basis of exit behaviour in an international context. More specifically, the focus is on Chinese OFDI firms' exit behaviour. By adequately addressing the above four points, this study is likely to generate new insights into future research on both international marketing strategy and international exit behaviour.

The secondary research objective is to assess the generalisability of the ESP paradigm in the Chinese OFDI context, which is considered as an emerging and interesting research context (Buckley et al. 2008). Although the ESP paradigm has been extensively studied in previous research, it is not clear whether its notion also holds in the Chinese OFDI context. Therefore, examining it allows for a better understanding of its external validity. A few revisions have been made regarding the selection of environmental variables and the analytical approach to deal with the marketing-mix strategy, in order to compensate

previous research findings. Firstly, two environmental factors (governmental assistance and degree of internationalisation) which are ignored by previous studies, are introduced. In addition, the four dimensions of the international marketing-mix strategy are considered as a whole. Hence, the study examines the strategic co-alignment (alternatively internal consistency, fit, or congruence) among the four dimensions, rather than investigating them independently.

1.3 CONTRIBUTION OF THE STUDY

Based on the aforementioned research objectives, the contribution of this study is fourfold:

Firstly, in the international marketing field it is amongst the few to expand the extant research on the entry- and expansion-focused behaviour to exit behaviour (Cairns et al. 2008; Dixit and Chintagunta 2007, please also refer to Appendix 1). This study therefore contributes to a better understanding of the issues involved in the international business cycle.

Extant research in the fields of international marketing, and international business, mainly focuses on firms' entry behaviour and expansion/growth behaviour (Cavusgil, Deligonul, and Yaprak 2005; Griffith, Cavusgil, and Xu 2008). More specifically, a recent special issue of *Advances in International Marketing* identifies research opportunities and challenges in international marketing, highlighting four particular areas as follows (Rialp and Rialp 2007): (1) export behaviour, development process, and performance; (2)

the strategic internationalisation process in different sectoral settings; (3) environmental influences and emerging marketing for international marketers; and (4) business internationalisation and information technologies. Another more recent study reported in *The Journal of Business Research* by Leonidou et al. (2010) shows that extant research mainstreams cover international entry strategy (including international trade analysis, and internationalisation process), environmental analysis, buyer behaviour, global strategy issues (including global strategy formulation, and marketing segmentation/targeting), market entry strategies (including foreign manufacturing, exporting, and importing), marketing-mix strategies, and specialised issues (including planning and organisation, marketing ethics, IT and internet, and relationship marketing). It is obvious that exit behaviour has been ignored by previous entry- and expansion- centred studies.

Although the first study on exit in the marketing area was published more than half a century ago (i.e. Burd 1941), subsequent research on this topic has been scarce (Dixit and Chintagunta 2007). Among all the extant studies on exit, the research issues are rather fragmented (Please refer to Appendix 1 for details) and only one main stream (i.e. international retailing divestment) can be identified. It is true that in recent years, an increasing number of studies in the international marketing field have shown concerns about exit behaviour, but they are narrowly focused on international retailing exit/divestment (Cairns et al. 2008). More specifically, these studies target a single retailer/case (e.g. Tesco, Ahold) and analyse the reasons/process of exiting from a foreign market. As a result, the external validity/generalisability of their research findings is an issue of concern.

By drawing a relatively large number of sample firms from different industries, the current study complements previous research findings on exit behaviour. Indeed, through linking firms' exit decision with the environment, marketing strategy, and performance, this study generates additional insights into firms' international entry/expansion behaviour. More particularly, it explains whether, why, and how, firms' exit decision can be attributed to previous performances, which in turn may be explained by their marketing activities/strategies. The consequence would be a better understanding of how to make favourable marketing strategy decisions in order not to trigger subsequent international exit decisions.

Secondly, the study contributes towards reducing the discrepancy that exists between conceptual research and empirical research. Among the extant research on the antecedents of exit behaviour, conceptual studies consider strategic reasons as equally important as performance reasons (e.g. Boddewyn 1979b; Boddewyn 1985; Decker and Mellewigt 2007; Markides and Berg 1992; Palmer and Quinn 2007; Pauwels and Matthyssens 2003), whereas empirical studies place overwhelming emphasis on the importance of performance factors (e.g. Dewaelheyns and Van Hulle 2006; Engel, Procher, and Schmidt 2013; Harrigan 1982a; Montgomery and Thomas 1988). Strategic reasons, especially the lack of strategic fit between a foreign affiliate and headquarters' overall strategy, could also be an important trigger of firms' exit decision (Boddewyn 1979b; Markides and Berg 1992; Palmer and Quinn 2007), because strategy concerns the direction and scope of a firm over the long term and aligns the mission and vision of the whole firm (Johnson, Scholes, and Whittington 2008). By simultaneously examining the

influence of performance and strategy factors on firms' exit decision, it is possible to probe: (1) whether the impact of the proposed strategic reason (i.e. strategic misfit between headquarters and a foreign affiliate) in conceptual studies can be supported by empirical studies. If it can be supported, the question remains as to how important strategic reasons are when compared with performance; and (2) whether performance and strategic fit are associated with each other. In this regard, the research findings are likely to complement those of previous empirical studies, which ignore the role of strategic reasons in triggering firms' exit decisions and, therefore, fail to detect the possible associations between performance and strategic reasons.

Thirdly, the study contributes new insights in respect of fit theory by examining internal strategic fit. Extant research on fit theory predominantly focuses on external strategic fit (Schmid and Kotulla 2011) - the fit between strategy and environment (e.g. Hultman, Robson, and Katsikeas 2009; Katsikeas, Samiee, and Theodosiou 2006; Vorhies and Morgan 2003). The basic notion of fit theory as used in previous studies is that: a firm formulates and adjusts its marketing strategy and/or organisational form to fit the environment (Katsikeas, Samiee, and Theodosiou 2006; Walker and Ruekert 1987), and its performance is highly determined by the degree of the fit achieved (Hultman, Robson, and Katsikeas 2009). In terms of the concept of fit, previous studies adopt the Venkatraman (1989) perspectives: fit as mediation (Sousa and Lengler 2009), fit as moderation (Chung 2008; Xu, Cavusgil, and White 2006), fit as matching (Katsikeas, Samiee, and Theodosiou 2006), and fit as profile deviation (Vorhies and Morgan 2003).

Whereas extant research on external strategic fit has enriched our understanding of the association between environment, strategy, and performance, it has neglected the other equally important aspect of strategic fit — internal strategic fit (Venkatraman 1990). Strategic fit is defined as “the situation in which all the internal and external elements relevant for a company are in line with each other and with the corporate strategy” (Scholz 1987, p.78). This indicates that effective strategic management involves both external fit (with the environment) and internal fit (Henderson and Venkatraman 1993). Therefore, by examining internal strategic fit and its influence on performance, this study contributes to a more advanced understanding of multinationals’ strategic management.

For a multinational firm, internal strategic fit can be assessed from different perspectives (Venkatraman and Walker 1989). This study mainly focuses on two important aspects: (1) strategic co-alignment/internal consistency among the international marketing-mix adaptation; and (2) the internal strategic fit between a foreign affiliate and its headquarters. Although many researchers acknowledge that the four aspects of the international marketing-mix are interdependent, and integral (Clague and Grossfield 1974; Rao 1984; Sousa and Bradley 2009b), previous studies either examine the four dimensions (i.e. product, promotion, price, and distribution) without considering their co-variations, or consider the marketing-mix adaptation strategy as one construct by assuming a high internal consistency between the four dimensions (Tan and Sousa Forthcoming). Because of this, we have little knowledge about whether, when put into practice, the positive influence of one dimensional strategy (e.g. product adaptation) is likely to be offset by the negative influence of another dimensional strategy (e.g. price standardisation). In this regard, previous research findings might have provided

imprecise or misleading implications for managerial practice. Therefore, by investigating this internal strategic fit (i.e. the co-alignment among the four dimensions of international marketing-mix strategy), this study is able to detect any integral influence of international marketing-mix adaptation strategy on international performance, thereby complementing previous research on international marketing-mix strategy and advancing firms' international marketing practice.

The second perspective (i.e. the strategic fit between headquarters and a foreign affiliate) is another important topic but one which has again been ignored by previous research (Thornhill and Amit 2001). The relationship/interaction between headquarters and foreign affiliates has interested many researchers (Fetscherin, Voss, and Gugler 2010; Nohria and Ghoshal 1994; Werner 2002), due to its long-term and great influence on both a foreign affiliate's position within the multinational (Benson 1975; Bouquet and Birkinshaw 2008; Prahalad and Doz 1999), and a foreign affiliate's economic performance in the foreign market (Cray 1984; Roth and Nigh 1992). Many insights have been generated from extant research on headquarters-subsidary communications, knowledge transfer, and control/co-operation (e.g. Cray 1984; Fetscherin, Voss, and Gugler 2010; Foss and Pedersen 2002; Gupta, Govindarajan, and Malhotra 1999; Harzing, Köster, and Magner 2011; Werner 2002). Little has been done, however, on the strategic interaction (e.g. internal strategic fit between corporate parents and their subsidiaries, Thornhill and Amit 2001), which may have implications for the headquarters-subsidary relationship (Weber and Weber 2011), subsidiary performance (Thornhill and Amit 2001), and even subsidiary survival (Markides and Berg 1992). Therefore, by introducing the internal strategic fit between foreign affiliates and

headquarters in the model used in this study, the current understanding of fit theory is enriched as the importance of the internal strategic fit to the performance and survival of a foreign affiliate is evaluated. This is of great interest to managers both at headquarters and in foreign affiliates.

Finally, this study contributes to distinguishing direct triggers (e.g. performance, strategic fit between headquarters and foreign affiliates) from indirect triggers (e.g. international marketing strategy, environmental factors) of multinational firms' exit decisions. Previous studies have examined various antecedent factors (e.g. performance, environmental factors) of firms' exit behaviour. However, the majority of them assume that all the factors exert direct impacts on firms' exit decisions and, therefore, fail to consider the possible causal links among these antecedent factors (i.e. productivity and performance, competitive intensity, diversification, concentration, and performance, for an example please see Haynes, Thompson, and Wright 2000). Notably, rich research findings on the ESP paradigm in marketing and strategic management show that there are causal associations between firms' environment, strategy, and performance (e.g. Lee 2010; Tan and Litschert 1994; Venkatraman and Prescott 1990). In this case, our understanding of firms' exit behaviour can be further advanced by developing a more exacting model in which the possible links among these antecedent factors are also specified. Therefore, by specifying the links between environment, strategy, and performance, this study contributes to explaining/predicting multinationals' exit behaviour in a clearer manner, which is beneficial to subsequent research and multinationals' managerial practice.

1.4 STRUCTURE OF THE THESIS

This thesis is comprised of seven chapters (Figure 1.1). After this first chapter, which serves as the Introduction, the remaining six chapters are organised as follows:

Chapter 2 presents a detailed review of previous studies on exit behaviour. Initially, the theoretical bases, disciplinary categories, research contexts, and key content/conclusions from all the articles reviewed are extracted (see Appendix 1). Thereafter, the key points of the literature review are summarised, and this summary sets the foundation for the research models presented in Chapter 3.

Chapter 3 develops the research framework (i.e. two conceptual models) to explain firms' exit behaviour based on the literature reviewed. Specifically, the ES Model concerns the environment-strategy link, and the SPS Model specifies the strategy-performance-exit link. Firstly, the theoretical bases that justify the conceptual framework are introduced, and then five research hypotheses are developed for the ES Model, and eleven research hypotheses for the SPS Model.

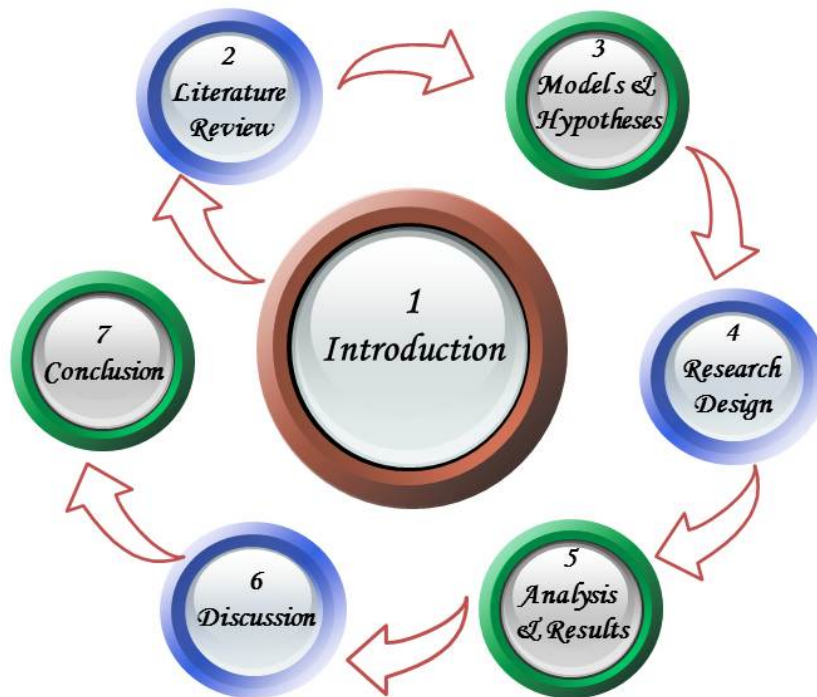
Chapter 4 describes the decisions taken regarding research design and methodology. The general research design (questionnaire survey) is presented, after which the chapter moves to introducing the procedures used for designing the questionnaire, sampling and

collecting the data. The profile of the sample is then summarised, and issues of non-response bias, common method bias, and endogeneity, are addressed.

Chapter 5 reports the research findings of the main study. Before the analyses, however, the data are examined for missing values, outliers, and violation of the assumptions. The measurement models are then estimated by conducting Confirmatory Factor Analysis (CFA). Additionally, the scales' reliabilities and the fit of the models are examined. This examination is followed by an assessment of the ES Model and the SPS Model using Structural Equation Modelling (SEM). Results of the hypotheses tests for both models are summarised in two tables.

Chapter 6 discusses the research findings in Chapter 5. Specifically, the results of H1-H5 in the Environment-Strategy (ES) Model are discussed one by one before the results of H6-H16 in the Strategy-Performance-Strategy (SPS) Model are considered. A short discussion of the findings for the whole ESPS model is also presented at the end of this chapter.

Chapter 7 focuses on the key conclusions of the study. Major research contributions to the theory and managerial implications are presented, respectively. Thereafter, the main limitations of the current research are identified, and some suggestions for further research are highlighted and discussed.

Figure 1.1: Structure of the Thesis

CHAPTER 2: LITERATURE REVIEW

This chapter first examines the state of the art in research on exit from different disciplinary areas. Specifically, all the articles involving topics relating to exit and which appear in international peer-reviewed journals have been reviewed to establish their theoretical basis, disciplinary categories, research context, and key content/conclusions. The key points of the literature review are then reviewed as a means of setting the foundation for the research models that are developed in Chapter 3.

2.1 DATA SOURCE OF THE LITERATURE REVIEW

Exit behaviour offers a rich research context for scholars from a variety of perspectives (Brauer 2006), because it affects crucial parameters at the country (e.g. Chung et al. 2013), region (e.g. Brixy and Grotz 2007), industry (e.g. Müller 1976), firm (e.g. Porter 1976), and individual level (e.g. Staw 1981). Pioneer review work by Chow and Hamilton (1993) identified three research strands on exit: industrial organisation, finance, and corporate strategy. Subsequent studies have generally followed this discipline-based classification and built their research on previous studies within one specific discipline (e.g. Benito 2005; Brauer 2006; Shapiro and Khemani 1987). To remain consistent with previous research, the review in this chapter also distinguishes different research strands

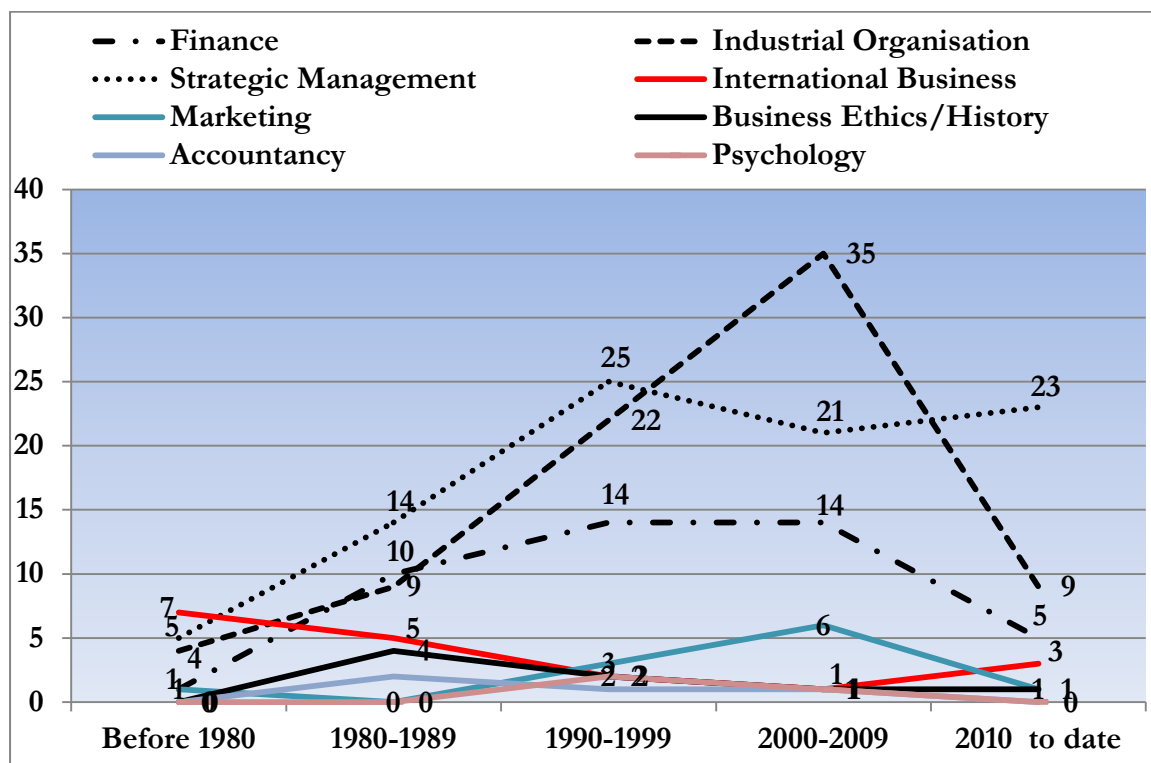
based on academic disciplines. This approach allows for an examination of the route of development in the research on exit both as a whole and within each academic discipline.

Using *exit*, *divest*, *divestment*, *divestiture*, *disinvestment*, *closure*, *withdraw(al)* in the titles, keywords, or abstracts of published works, a search was conducted of the EBSCO, ProQuest, JSTOR, Emerald, ScienceDirect (Elsevier) and Wilson Business databases for eligible articles published before April 2013. This process yielded 327 articles, among which, 255 were published in international peer-reviewed journals covering different research disciplines. These 255 articles are included in this literature review (see Appendix 1 for a detailed list). More specifically, the identified publication outlets include leading journals in **Accounting** (e.g. *Accounting Review*, *Accounting and Business Research*), **Business Ethics/History** (e.g. *Journal of Business Ethics*, *Business History*), **Entrepreneurship** (e.g. *Journal of Business Venturing*, *Entrepreneurship*, *Theory and Practice*, *International Small Business Journal*), **Finance** (e.g. *Journal of Finance*, *Review of Financial Studies*, *Journal of Financial and Quantitative Analysis*, *Journal of Corporate Finance*), **General Management/Strategic Management** (e.g. *Academy of Management Review*, *Academy of Management Journal*, *Administrative Science Quarterly*, *Management Science*, *Strategic Management Journal*, *Long Range Planning*), **Industrial Organisation (Economics)** (e.g. *Econometrica*, *Journal of Political Economy*, *American Economic Review*, *RAND Journal of Economics*, *International Journal of Industrial Organisation*), **International Business** (e.g. *Journal of International Business Studies*, *Journal of World Business*, *Management International Review*), and **Marketing** (e.g. *Journal of Marketing*, *International Journal of Research in Marketing*, *Industrial Marketing Management*, *Journal of Strategic Marketing*, *Psychology and Marketing*).

2.2 GENERAL STATUS QUO/ TRENDS IN RESEARCH ON EXIT BEHAVIOUR

Appendix 1 presents basic information about the articles reviewed including their theoretical basis, academic discipline, research context, and key words used in the articles. In addition, for empirical studies, the statistically tested relationships between independent variables and dependent variables in each study were documented. For conceptual studies (e.g. theoretical studies, case studies, review studies), the main ideas based on the author-stated abstracts were summarised. Deriving from Appendix 1, Figure 2.1 exhibits the year-on-year contributions to research on exit from different disciplinary perspectives over the past few decades.

Figure 2.1: Number of Publications in Each Discipline



Based on all the articles reviewed (listed in Appendix 1), a few key points which are relevant to the aim of this study can be summarised as follows:

(1) Although the major contributors to research on exit have been the scholars from finance, industrial organisation, and strategic management, the earliest contributor to research on exit is actually from marketing (i.e. Burd 1941). International business scholars also conducted several studies on exit before 1980. Additionally, there have been a small number of studies undertaken by scholars from accounting, business ethics/histories, entrepreneurship, and psychology. Notably, research from the field of international business is currently on the rise, which indicates that exit in international context has begun to regain attention.

(2) Conceptual issue: Exit is usually considered as a clear-cut concept, which may explain why the majority of the articles reviewed do not provide an explicit definition of the concept. However, even among the few definitions that are offered by researchers, inconsistency exists. More specifically, although the term exit has been used interchangeably with many synonymous words such as divestment, divestiture, disinvestment, withdrawal, closure, and shutdown, in the articles reviewed (including those aiming to distinguish different types of exit, e.g. Mata and Portugal 2000), the scope and type of these terms in these studies are inconsistent. What has been generally agreed in the articles reviewed is that, by default, exit includes both partial exit and full exit.

(3) A discrepancy exists between conceptual research and empirical research regarding the number and focus of the studies. Among the studies reviewed, 110 were identified as

conceptual and 145 were empirical, indicating a greater interest in theory testing than theory building. Regarding the focus of research, in general, conceptual studies have focused mainly on the antecedents of exit and the exit decision-making process, whereas empirical studies have mainly dealt with the antecedents and consequences of exit. Specific to common research on antecedents, strategic reasons were considered as equally important as performance and environmental reasons for firms' exit in conceptual studies (e.g. Boddewyn 1979b; Boddewyn 1985; Decker and Mellewigt 2007; Markides and Berg 1992; Palmer and Quinn 2007; Pauwels and Matthyssens 2003), whereas empirical studies placed much more importance on performance and environmental factors than strategic factors. This means that conceptual research and empirical research on this topic did not inform each other very well. Therefore, more empirical studies addressing strategic reasons could provide new insights into this research stream.

(4) No efforts have been made to examine individual firms in order to discover fundamental reasons for their exit behaviour. More specifically, little is known about why and how, firms adopt inappropriate strategies and perform poorly, such that they decide to exit the foreign market. As a result, even firms with rich exit experience would still not configure more appropriate strategies and consequently, still not perform any better, if they were given a second chance. In this case, adding to current exit research by providing evidence of the interaction between environment, performance, and strategies from marketing disciplines, is likely to advance the research and practice in both areas.

(5) Almost no studies on exit have distinguished direct determinants of exit (e.g. performance, strategies) from the indirect determinants (e.g. environment, structure) in

their models. Instead, all these determinants (either direct or indirect) have been treated equally as potential influencers on firms' likelihood of exit. Hence, the inner relationships between indirect determinants and direct determinants of exit have been ignored. This is another reason why it is necessary to incorporate previous research findings regarding the interaction between environment, performance, and strategies, into the research on firms' exit behaviour.

(6) Research on exit is rather imbalanced regarding the research context. Only 21% (23 studies) of the 110 conceptual studies, and 17% (24 studies) of the 145 empirical studies that have examined this topic have been conducted in international contexts. This circumstance may be explained by the fact that practitioners are more frequently exposed to decisions concerning exiting domestic business than foreign business, due to a substantially larger number of domestic operations. However, the inexorable trend of economic globalisation has seen many more firms become involved in international activities. This signals that international exit has become ever more important. Considering the well-documented substantive differences in domestic exit and international exit in the early years of research into this area (Boddewyn 1979a; Boddewyn 1983), more effort is needed to examine firms' international exit. Although not very obvious, a promising trend towards more research on exit in an international context has been detected by the literature review undertaken for this study.

2.3 DISCIPLINE-SPECIFIC RESEARCH ON EXIT BEHAVIOUR

Appendix 1 shows that scholars from international business, industrial organisation (economics), finance, strategic management, marketing, business ethics/history, psychology, and accounting all have, more or less, contributed to the understanding of the exit phenomenon. In the following sections, the major streams of research within individual academic disciplines are summarised. In doing this, the chapter attempts to identify new insights into how to move current research on exit forward based on the contributions appearing in these disciplines.

Industrial Organisation. Focusing at the industrial level, the Structure-Conduct-Performance (SCP) paradigm, and price theory, are the two major approaches to the study of industrial organisation (Carlton and Perloff 2000). Therefore, the SCP paradigm, price theory, and the theoretical applications of price theory (i.e. transaction cost theory, game theory, and contestable market theory) set the foundation for all the research in industrial organisation. Specific to the studies reviewed, life cycle theory, agency theory, industrial equilibrium theory, and game theory, have been more frequently used to explain and predict firms' exit behaviour.

As shown in Appendix 1, in the early years of research in this area (before 2000), it was conceptual studies that were more frequently undertaken (before 2000). Regarding the research streams, the majority of these conceptual studies developed industrial (dynamic) equilibrium models to illustrate the relationships between firms' exit, entry, and growth over the industry life cycle, under certain assumptions about the market structure (e.g. Klepper 1996; Klepper and Miller 1995; Sengupta 2004). In addition, a few studies also conducted case studies examining either the decision-making process (e.g. Dixit 1989;

Nees 1978) or the asymmetry between entry (barriers) and exit (barriers) (e.g. Caves and Porter 1976; Londregan 1990; Nelson, Braden, and Roh 1989). Empirical studies account for 64% of the 79 articles reviewed, and indeed have become predominant since 2000. Regarding the research streams, the vast majority (43) of the empirical studies only investigated the antecedents of firms' exit.

Based on the theoretical bases mentioned, firms' likelihood of exit is mainly determined by: (1) (changes in) basic conditions such as market demand (Boone and van Witteloostuijn 1996; Carreira and Teixeira 2011), macroeconomic instability (Bhattacharjee et al. 2002; Bhattacharjee et al. 2007), and growth rate (Almus 2004; Cefis and Marsili 2005); (2) (changes in) structures such as number of firms (Boone and van Witteloostuijn 1996; Gort and Konakayama 1982), firm size (Stavins 1995), firm age (Stavins 1995), firm ownership (Colombo and Delmastro 2000), and entry/exit barriers (e.g. economies of scale, sunk cost) (Frank 1988); and (3) (changes in) performance such as profitability (Frazer 2005), efficiency (Chang, Boisvert, and Hung 2010; Deily, McKay, and Dorner 2000), and productivity (Fariñas and Ruano 2005).

Notably, although the overwhelming core variable is the 'likelihood of exit', there is an increasing tendency to examine the likelihood of exit via different approaches such as liquidation and M&A (Mergers and Acquisitions) (Balcaen et al. 2012; Bhattacharjee et al. 2007; Bhattacharjee et al. 2009; Harada 2007). In addition, a few empirical studies have focused on the consequences of firms' exit such as industrial concentration (Dumais, Ellison, and Glaeser 2002; Müller 1976; Weiss 1965), abnormal returns in the

stock market (Reuer 2000), profitability of the rest of the business (Haynes, Thompson, and Wright 2002), and total factor productivity (Girma, Greenaway, and Kneller 2003).

It is surprising that firms' conduct (the 'C' in the SCP paradigm) in respect of strategies in pricing, advertising, and product choice (Carlton and Perloff 2000), has been largely ignored by previous studies. Firms' conduct is the link between structure and performance, and consequently, research on it will contribute to explaining/predicting firms' likelihood of exit, either directly or indirectly.

Finance. Efficient market theory, portfolio theory, capital asset pricing theory, option pricing theory, and agency theory are the major building blocks of the modern theory of financial economics (Jensen and Smith 1984). These theories, together with the subsequently derived theories such as real options theory (Schulmerich 2010), and prospect theory (Barberis 2013), have become the foundation for the research on firms' exit in the finance discipline. More specifically, agency theory, real options theory, prospect theory, and sufficient market theory, were the most frequently mentioned theoretical bases in the studies reviewed.

As shown in Appendix 1, conceptual studies accounted for a small portion (23%) in this discipline and mainly focused on identifying the optimal exit timing and approach for maximising firms' earnings (e.g. Alizadeh and Nomikos 2007; Ball, Chiu, and Smith 2011; Neus and Walz 2005). In addition, conditions for optimal exit (Alvarez 1999) and relationships between market returns and exit types (Mauer and Lewellen 1990) have

also been investigated in conceptual studies. Of all the empirical studies, 12 focused on the antecedents and 21 addressed the consequences. The studied antecedents were rather fragmented, with only two factors (i.e. firm size and parent firms' financial constraint) being examined more than once. There was, however, much more consolidation among the studies on consequences, with the majority investigating the relationship between the announcement of an exit type (e.g. spin-off, sell-off, liquidation) and the stock price/abnormal returns. The results in most cases showed that the announcement of an exit leads to an abnormal excessive return (e.g. Dittmar and Shivdasani 2003; Hite and Owers 1983; Rosenfield 1984). In terms of the core variable, likelihood of exit via different approaches (instead of 'likelihood of exit'), was examined in most studies. In this sense, research on exit in the finance discipline is at a more mature stage when compared with the industrial organisation discipline. Similar to research in the industrial organisation discipline, no studies tried to explain/predict firms' exit behaviour from the perspective of strategy.

Strategic Management. Strategic management research on exit behaviour is one of the most important streams (Brauer, 2006), and it also contributes the most in terms of the publications, as shown in Appendix 1. Because its theoretical evolution is very similar to a pendulum swinging back and forth between the internal firm level and the external industry level (Hoskisson et al. 1999), strategic management research on exit has used a wide range of theories, such as life cycle theory, corporate portfolio theory, capital market theory, cognitive simplification theory, transaction cost theory, agency theory, ecological theory, game theory, Resource-Based View (RBV), learning theory, prospect theory, and real options theory from different disciplines. Among all the theories, the

most frequently used were RBV, agency theory, transaction cost theory, and life cycle theory, which also constitute the mainstream theories in strategic management (Hoskisson et al. 1999).

Also because of the pendulum swing-like theoretical evolution, the topics in strategic management have broadly covered antecedents, outcomes, and the process of making the exit decision at the levels of industry (Geroski, Mata, and Portugal 2010), firm (Berry 2010b), business unit (Chang and Singh 1999), and individual (Wennberg et al. 2010). Specifically, the 42 conceptual studies reviewed mainly aimed to provide strategic guidelines for deciding on, planning, and implementing an exit effectively and efficiently (e.g. Benito 2005; Bettauer 1967; Clarke and Gall 1987; Hayes 1969). In addition, consistent with strategic management research's concerns about internal strengths and managerial capabilities (Hoskisson et al. 1999), a special emphasis has been placed on the managers' appropriate role in the decision-making process (Brauer 2009; Nees 1981; Sandri et al. 2010; Sinha 1990). The 46 empirical studies heavily focused on the antecedents of firms' likelihood of exit (via different approaches). Due to the broad levels of analyses, the antecedent factors were very diverse. Despite this, there was an explicit focus on internal aspects of the firm such as financial performance (Duhaime and Baird 1987; Duhaime and Grant 1984; Harrigan 1982a), strategies (Bergh and Holbein 1997; Hoskisson, Johnson, and Moesel 1994; Wood 2009), experience (Grilli 2011; Mata and Portugal 2000; Wennberg et al. 2010), and entry mode (Chang and Singh 1999; Li 1995; Mata and Portugal 2000), among others. Lastly, more macro-level external factors such as entry rate, regional status, and competition have also been touched.

International Business. International business was the biggest contributor to research on exit at the initial stage, mainly due to a series of studies by Boddewyn and his colleagues between 1973 and 1985 (McDermott 2010). Nonetheless, despite this pioneering contribution, this research stream was discontinued between 1992 to 2008, since when research on exit has regained some attention in the international business discipline. Among all the 18 studies reviewed, the majority (11) were conceptual studies, which dealt with foreign divestment issues. More specifically, their topics included the importance of foreign divestment (Boddewyn and Torneden 1973; Pearce 1982), key factors which lead to divestment (Boddewyn 1979b), differences between domestic and foreign divestment (Boddewyn 1979a; Boddewyn 1983), foreign direct divestment theory (Boddewyn 1985), the role of parents and subsidiaries in foreign divestment (Ghertman 1988), and the divestment decision-making process (Torneden and Boddewyn 1974), among others. Empirical studies mainly examined the antecedent factors of the 'likelihood of exit'. Due to the small number of studies (7), no special focal factors can be identified.

Marketing. Among all the articles reviewed, the earliest one was published in the *Journal of Marketing* (Burd 1941). However, the marketing discipline has made little contribution in terms of the number of studies on exit, with only 11 studies being published in the field. More particularly, except for two empirical studies which focused on the antecedent factors of exit, all the studies were conceptual. It is surprising to find that all these articles published in marketing journals examined exit issues from the perspective of many disciplines (e.g. psychology, management), other than marketing. It is the researcher's belief that the marketing discipline could contribute more to the future

research on exit because of its rich findings in justifying firms' performance and strategies (at the individual firm level), which are the key triggers of firms' decision to withdraw (e.g. Boddewyn 1979b; Decker and Mellewigt 2007; Palmer and Quinn 2007; Pauwels and Matthyssens 2003).

Psychology. The main contribution of psychologists lies in their research findings concerning the motivations and cognitions of individual decision-makers. More specifically, psychological researchers provided psychological rationales (e.g. career self-interest, self-efficacy, self-esteem) for the economically 'irrational' behaviour (called 'the escalation of commitment', see Staw, 1981) of individual decision-makers. According to Staw (1976), individual decision-makers tend to commit to a failing course, which leads to a delay in decision-making. Therefore, the articles reviewed in psychological journals narrowly focused on the 'delay of exit decision' and its antecedents (Bragger et al. 1998; Bragger et al. 2003). Some applications of the findings have been to explain/analyse managers' escalating commitment during the exit decision-making process in other disciplines (Matthyssens and Pauwels 2000; Pauwels and Matthyssens 1999), and to upgrade the research on 'escalating commitment' from the individual level to the organisation/firm level (Ross and Staw 1993).

Business Ethics/History. Business Ethics research on exit has been based mainly on the theory of moral sentiment, justice theory, and the theory of political economy, among others. The research context has been solely focused on the case of whether foreign (especially American) multinational corporations (MNCs) should divest from South

Africa from the perspective of business ethics. In addition, one study examined the reasons for the divestment of a successful company based on its historical development.

Accounting. Accounting research on exit was very scarce, and only four studies were reviewed. Of these, two focused on the relationship between the announcement of divestment and the abnormal stock return. This is, to some extent, similar to the research in the finance discipline. The other two studies examined two antecedent factors of the likelihood of exit: tax cost, and the profitability gap between firms' segments.

To sum up, a variety of disciplines has studied firms' exit behaviour from differing perspectives, based on diverse theories. This greatly enriches our understanding of firms' exit behaviour. Despite this, however, our understanding of firms' exit behaviour is still characterised as fragmented and diverse. Firstly, scholars in each discipline have conducted their research on exit mainly from the perspective of their own discipline, and thus, the theoretical bases, levels of analysis, and research focuses, are different from discipline to discipline. For example, regarding the three main research streams, industrial organisation research focuses on the industry level and is based on the SCP paradigm, whereas finance research adopts efficient market theory at the firm level. Meanwhile, strategic management research sways between the firm level and industry level, with theoretical bases changing back and forth accordingly. In this case, models which focus on the phenomenon itself instead of sticking to discipline-specific theories (Geroski, Mata, and Portugal 2010; Shimizu 2007) may be helpful in improving the fragmented state of current research on exit.

Secondly, current research on exit behaviour is highly diverse both within some disciplines and across different disciplines. Specifically, although a substantial number of different antecedent factors of exit have been studied (e.g. factors regarding environment, structure, strategy, and performance), very few antecedent factors have been repeatedly examined by the studies reviewed (see Appendix 1: the most frequently studied antecedent factors of the likelihood of exit such as firm size, performance, firm age, productivity and, diversification have only been examined by 28, 12, 11, 9, and 8 studies, respectively), thus leaving any agreement between studies, in terms of research focuses and findings, unachievable. A key reason is that all these determinants (direct or indirect) have been treated equally as direct antecedents of firms' likelihood of exit, which increases the difficulty in agreeing on the research focus. In this case, to better understand the exit phenomena in a more solid and systematic manner, a comprehensive model which specifies the association between direct and indirect antecedent factors (e.g. environment, strategy, and performance) should be developed.

In the next section, the research on international exit behaviour and FDI firms' exit behaviour is considered.

2.4 RESEARCH ON INTERNATIONAL EXIT AND FDI FIRMS' EXIT

Among all the 255 studies reviewed, only 47 (18%) studies examined the exit issue in an international context, and the entry mode of FDI accounts for the majority of them. Academic research on FDI firms' exit behaviour may be traced back to the work on foreign divestment conducted by Boddewyn and Torneden (1973) and Gilmour (1973), among others. Although several pioneer studies on foreign divestment were published by Boddewyn and his colleagues between 1973 and 1985, subsequent researchers showed inadequate attention to their work (McDermott, 2010).

Similar to research on domestic exit behaviour, studies on foreign divestment also covered antecedents/incentives/drivers, outcomes, and the decision-making process of MNCs, and most of the contributors were from disciplines other than marketing. Previous studies suggest that MNCs' exit from a foreign market may be caused by forced drivers (such as governmental takeover, expropriation, political risk) and/or voluntary drivers (such as poor financial performance, absence of strategic synergy, different entry strategies, and poor relationship between headquarters and subsidiaries) (e.g. Boddewyn, 1979b; Li, 1995). Some researchers also showed interest in the decision-making process of foreign divestment (e.g. Matthyssens and Pauwels, 2000). In general, interviews and case studies have been used in previous research as a means of collecting data (e.g. Matthyssens and Pauwels, 2000). No generally accepted framework has been developed to guide subsequent research, and only one theory has been specifically developed for foreign divestment, that being the foreign divestment theory proposed by Boddewyn (1985). Although conceptual studies have attached much importance to the strategic reasons for firms' international exit decisions, and psychological mechanisms (e.g. escalating commitment) during the exit decision-making process (Drummond 1995;

Ross and Staw 1993), few empirical studies have made efforts to examine the two aspects of the firms. And even fewer studies have tried to investigate the important role of marketing strategies in shaping firms' performance and further linked such strategy and performance to explain/predict firms' international exit behaviour.

2.5 CONCLUSION

To conclude, there are apparent discrepancies between conceptual research and empirical research on exit. More specifically, strategic triggers of firms' exit and the psychological mechanisms during the exit decision-making process are two important aspects which empirical studies should examine. In addition, more attention should be directed towards individual firms in order to establish fundamental reasons for their exit behaviour. More specifically, it is desirable to add to the current exit research by incorporating the rich research findings regarding the interaction between environment, performance, and strategies from marketing disciplines, so that the whole body of research on exist can be advanced. Moreover, there is a general lack of research on international exit and this shortcoming should be addressed, because the inexorable trend of economic globalisation has forced many more firms to become involved in international activities. The review of the literature presented in this chapter indicates that in order to advance our understanding of (FDI) firms' exit behaviour, more efforts are needed from the international marketing field because marketing strategy is deemed as the most important component of firms' global strategy (Zou and Cavusgil 1996).

2.6 SUMMARY

This chapter has focused on the literature on exit. Initially, a detailed review of this research was produced, and for each study investigated, the basic information including authors (year), the theoretical bases explicitly mentioned in the article, discipline, key words (research context), and the key content, were extracted. Based on this information, the status quo/trends of the research on exit both beyond and within each specific research discipline were summarised. The content of this chapter sets the foundation for the research models developed in this study.

CHAPTER 3: MODEL DEVELOPMENT AND RESEARCH HYPOTHESES

This chapter transfers the insights which have been directly derived from the review of the literature in previous chapter into the research models and testable research hypotheses. Firstly, the focus of the current research is then explained, and then the theoretical bases behind the conceptual framework are introduced. Finally, the research hypotheses based on the conceptual framework are developed.

3.1 FOCUSES OF CURRENT RESEARCH

Based on the summary of the literature review, the theoretical framework adopted for this study has four characteristics: (1) it focuses on the two mostly proposed direct triggers of firms' exit behaviour: poor performance, and strategic misfit; (2) it highlights the discrepancy between conceptual research and empirical research by examining the key role of strategic reasons (i.e. strategic fit) in triggering firms' exit; and (3) it bridges current research on exit with research findings on the interaction between environment, strategy, and performance in the marketing area, in an attempt to provide new insights into both the research on exit, and the research in the marketing field. In this way, we are able to distinguish direct determinants from indirect determinants of firms' exit decision so that a clearer understanding of firms' exit behaviour can be achieved; and

(4) it focuses on the neglected international marketing field, particularly examining MNCs with the entry mode of FDI.

3.2 THEORETICAL BASES FOR THE CONCEPTUAL FRAMEWORK

In respect of the theoretical basis for the study, this integrates arguments from the Environment-Strategy-Performance (ESP) paradigm, fit theory, dynamic capabilities theory, and theory of competitive advantage. Each of the above theories is now introduced.

3.2.1 The ESP Paradigm

The ESP paradigm argues that dynamic environments determine firms' strategic choices, which in turn influence firms' performance (Child 1972; Daft and Weick 1984; Zou and Stan 1998). The first part of the theoretical framework is based on the notions contained within the ESP paradigm; namely, it is postulated that the marketing strategy of an FDI firm is formed by considering the internal environment (including firm, management, and product characteristics) and external environment (such as market, industry, and country characteristics), whereas the performance is in turn determined by the dynamic fit between the chosen marketing strategies. The ESP framework is also extended to the Environment-Strategy-Performance-Strategy (ESPS), which better explains the dynamic process of strategic decision-making. However, it is emphasised that whilst the complete ESPS paradigm is proposed, the core part of this study is the Strategy-Performance-Strategy (SPS) link because previous studies have broadly investigated the Environment-Strategy (ES) part. The rest of this section explains the

specific environment, strategy, and performance variables included in the ESPS paradigm of this study, respectively.

Environment. Previous research in the international business area usually classifies environment into internal environment and external environment (e.g. Hultman, Robson, and Katsikeas 2009; Swoboda, Olejnik, and Morschett 2011). Specifically, internal environment refers to factors such as firm, management and product characteristics and external environment refers to factors such as industry and foreign market characteristics (Cavusgil and Zou 1994; Tan and Sousa 2011). For a comprehensive understanding, the most frequently studied factors in the international marketing field and/or some important but neglected factors in previous research on the ES link should be considered. More particularly, *environmental difference* and *competitive intensity* are the most frequently examined factors of foreign market characteristics, and *centralisation* is one of the most frequently studied firm/industrial characteristics in previous research on international marketing programme standardisation/adaptation strategy (Tan and Sousa Forthcoming). These variables are therefore, included in the study to remain consistent with the mainstream research. In addition, the variables of *government assistance* and *degree of internationalisation*, which are important to international firms' marketing strategic decisions but ignored by previous studies, are included (Leonidou, Palihawadana, and Theodosiou 2011; Sousa and Bradley 2009a).

Government assistance refers to the support (either financial or non-financial) provided by external bodies, such as government agencies and trade associations, for the purpose of improving the strategic conduct and performance of individual firms in overseas

markets (Leonidou, Palihawadana, and Theodosiou 2011; Sousa and Bradley 2009a). Previous studies on the role of government assistance in shaping individual firms' international business have been scarce and fragmented (Leonidou, Palihawadana, and Theodosiou 2011). However, recent empirical research has illustrated that government assistance exerts significant effects, either direct or indirect, on firms' design of their marketing strategy and/or it improves firms' performance in international markets (Lages and Montgomery 2005; Leonidou, Palihawadana, and Theodosiou 2011; Sousa and Bradley 2009a). Therefore, it is appropriate to include government assistance in this study.

Environmental difference can be defined as the extent to which the environmental conditions such as economic/political/legal conditions, marketing infrastructure, consumer conditions, and competitive conditions in the home market are different from those in host markets (Griffith, Chandra, and Ryans 2003; Hultman, Robson, and Katsikeas 2009; Katsikeas, Samiee, and Theodosiou 2006). Environmental difference is the variable most frequently studied in existing research (Tan and Sousa Forthcoming). It is generally agreed among scholars that the extent of environmental similarity/difference fundamentally influences the choice of firms' international marketing strategy between standardisation and adaptation (Theodosiou and Leonidou 2003). Specifically, the more similar the host market environment is to that of the home market, the more likely a firm will choose a standardised marketing strategy, an assertion that has received strong and consistent support in empirical studies to date (Tan and Sousa Forthcoming). Due to its fundamental role in shaping international marketing strategy, environmental difference should be included in the model.

Competitive intensity refers to the degree of competition a firm faces in foreign markets (Cui and Lui 2005; Grewal and Tansuhaj 2001), and this has received much attention in previous studies. It is generally accepted that competitive intensity has a negative impact on the standardised marketing strategy, due to the great pressure from competitors to adapt firms' marketing strategy to foreign market characteristics (Cui and Lui 2005), and the desire to gain a competitive advantage (Cavusgil, Zou, and Naidu 1993). The majority of the empirical studies confirm a significant and negative influence of competitive intensity on marketing programme standardisation (Tan and Sousa Forthcoming; Theodosiou and Leonidou 2003). Considering the drastic competition in international markets and the philosophy of market orientation, it is necessary to include competitive intensity in the ES link.

Centralisation is one of the most important internal environmental factors which can shape the international marketing strategy as one of either standardisation or adaptation (Chung 2008; Tan and Sousa Forthcoming). Centralisation refers to the extent to which the headquarters retain responsibility and authority over subsidiaries' management in terms of strategic decision-making (Özsomer and Simonin 2004; Sundaram and Black 1992). This construct is generally supported as being positively related to the marketing standardisation strategy, as the decision-makers at headquarters may prefer a standardised strategy to an adapted strategy to guarantee better control over the subsidiaries' products/services (Chung 2009; Melewar and Saunders 1998). In addition, some research assumes that a standardised marketing strategy is more likely to be followed when the headquarters holds a high level of authority in decision-making (Theodosiou and Leonidou 2003). However, empirical studies have reported inconsistent results, with some supporting a positive influence of centralisation on

international standardisation (e.g. Chung 2009; Melewar and Saunders 1998), some disclosing a negative impact (e.g. Özsomer and Simonin 2004), and others not being able to identify any significant effect (Chung 2009; Melewar and Saunders 1998). Hence, centralisation is included in the model to add empirical evidence to its impact.

Degree of internationalisation usually refers to the degree of a firm's involvement in foreign operations, when compared to domestic activities (Sullivan 1994). Internationalisation represents the weighted scope of a firm's operations (Sapienza, De Clercq, and Sandberg 2005). Therefore, it reflects the magnitude of a firm's foreign presence and the importance of such presence relative to domestic business (Sapienza, De Clercq, and Sandberg 2005). It may also indicate a firm's willingness to commit to its foreign activities rather than its domestic ones. Extensive review work shows that the relationship between the degree of internationalisation and international marketing standardisation/adaptation has received very little empirical examination (for details please refer to Tan and Sousa Forthcoming; Theodosiou and Leonidou 2003). Nonetheless, it is believed that the degree of internationalisation has an impact on a firms' choice between a standardised international marketing strategy and an adapted one. On the one hand, there is a difference in the need for resource commitment between a standardised marketing strategy and an adapted one, with the latter requiring much more resource commitment (Navarro et al. 2010). The willingness to commit should increase as the degree of internationalisation becomes larger. Therefore, a more internationalised firm is more likely to choose an adapted marketing strategy. On the other hand, as the degree of internationalisation increases, the benefits from economies of scale become more attractive for a multinational firm, especially for one operating in a number of foreign markets. In this regard, a standardised strategy may be a better

choice when compared to an adapted one. Regardless of the view a firm takes, however, there is no doubt that the degree of internationalisation has an influence in its strategic choice between standardisation and adaptation. And although one empirical study has reported a positive impact of internationalisation on product dimension of marketing adaptation (i.e. Kwon and Hu 2001), more empirical studies are desirable for cross-validation. Consequently, the degree of internationalisation is included in the model.

International Marketing Strategy. Due to the inexorable trend of economic globalisation, there is a substantial increase in the number of firms operating in international marketing. In this case, whether to choose a standardised or an adapted marketing programme is a strategic decision facing every international firm. How to choose between the two strategies for a better fit with the characteristics of the foreign market and a superior international performance, have been topics of great importance for managers and researchers (Tan and Sousa Forthcoming).

From the perspective of marketing, the key dimensions of international strategy are the four elements of the marketing-mix, these being: product, promotion, price, and distribution. In research on international marketing strategy, a pervasive consideration is the choice between standardisation and adaptation of marketing strategy (Schmid and Kotulla 2011). Therefore, in this study all the four marketing-mix strategies are focused on the standardisation-adaptation continuum. Hence, product adaptation, promotion adaptation, price adaptation, and distribution adaptation, comprise the key constructs of the international marketing strategy, which is consistent with the majority of the previous studies in the international marketing field (Schmid and Kotulla 2011;

Tan and Sousa Forthcoming).

In addition to examining the international marketing strategy, the study also aims to investigate the subsidiary's strategy from the perspective of fit – essentially determining whether this fits with the headquarters' overall strategy.

International Performance. International performance (including export performance) is the most important outcome variable in international marketing research. According to Cavusgil and Zou (1994), international performance refers to the extent to which firms' economic and/or strategic objectives are achieved. The vast majority of the existing empirical studies in the international marketing field include international performance as the outcome variable (Aaby and Slater 1989; Cavusgil, Deligonul, and Yaprak 2005; Sousa, Martínez-López, and Coelho 2008; Zou and Stan 1998). This is reasonable because international performance is of interest to every international firm. However, despite the extensive research on international performance during the past few decades, there is a general lack of agreement in its conceptualisation and operationalisation/measurement (Sousa 2004; Sousa, Martínez-López, and Coelho 2008). Therefore, it is difficult to find two studies which have used exactly the same measure of international performance, unless they are conducted by the same author (See Tan and Sousa 2011 for examples). In this case, it is imperative for each study to specify the measure of international performance. In this respect, a literature review demonstrates that some studies highlight 'satisfaction with performance' and 'goal achievement' as important dimensions of international performance (Zou and Stan, 1998). This indicates that international performance is often regarded as a comparatively measured concept, because practically, management always keep their

initial objectives as a reference point of actually achieved performance (Myers, Cavusgil, and Diamantopoulos 2002), being concerned with whether the performance is 'satisfactory' or 'dissatisfactory'. More importantly, empirical research on exit behaviour reveals that dissatisfaction with a firm's performance is a more convincing trigger of exit behaviour than poor economic performance (Gimeno et al. 1997). This dissatisfaction can derive from either the discrepancy between actual performance and the initial goal, or the discrepancy between a firm's own performance and its major competitors' performance. Therefore, in this study the important role of comparison between firms' actual performance and their initial objectives and/or their major competitors' performances, is acknowledged.

Strategy (Exit). Exit from a foreign market in this study is treated as a strategic response to previous international performance or strategic status (fit/misfit with the overall strategy at headquarters). Exit refers to "the deliberate and voluntary liquidation or sale of all or of a major part of an active operation" (Boddewyn 1979b, p.21). In a dynamic business cycle, a firm's entry decision, expansion decision, and exit decision are interconnected (Javalgi et al. 2011). By treating exit as a firm's strategic choice and an extension of the well-documented ESP paradigm, it is possible to identify the fundamental reasons for that firm's exit decision. In addition, this also enables firms to become more prudent when making the entry decisions and international expansion decisions.

3.2.2 Fit Theory

The concept of fit also helps to explain the theoretical framework. Fit theory derives

from contingency theory in management (Zeithaml, Varadarajan, and Zeithaml 1988). It embraces the notion that the relationship between strategy and performance is highly contingent upon the internal/external environment (Hultman, Robson, and Katsikeas 2009). According to Venkatraman (1989), there are six perspectives of fit: fit as moderation, fit as mediation, fit as matching, fit as gestalts, fit as profile deviation, and fit as co-variation. Each of these has distinct theoretical meanings and requires specific analytical methods. In the marketing and management research field, there is an increasing tendency to adopt the concept of 'fit as matching' with the advancement of analytical methods (e.g. Hultman, Robson, and Katsikeas 2009; Katsikeas, Samiee, and Theodosiou 2006). Based on the notion of 'fit as matching', researchers argue that it is the degree of match between the marketing strategy and environment that contributes to a firm's performance (Katsikeas, Samiee, and Theodosiou 2006), and vice versa (Hultman, Robson, and Katsikeas 2009).

In addition, Venkatraman and Camillus (1984) also distinguished between the 'content of fit' and the 'pattern of interactions' perspectives. In the 'pattern of interactions' perspective, strategy is defined using the notion of alignment and considered as a concept that is inseparable from the conceptualisation of fit (Venkatraman 1990). In this case, strategy or strategic co-alignment represents internal consistency among a set of strategic decisions (Venkatraman 1990). In this study, this 'pattern of interactions' perspective is introduced to examine the internal consistency among the four dimensions of the international marketing-mix adaptation (i.e. product adaptation, promotion adaptation, price adaptation, and distribution adaptation) and how this internal consistency influences firms' international performance.

Another construct that embodies the concept of fit in the study is the internal *strategic fit* between a subsidiary and its headquarters. The literature review provided in Chapter 2 indicates that strategic reasons are considered as another important trigger (other than performance) for firms' exit in conceptual studies (e.g. Boddewyn 1979b; Boddewyn 1985; Decker and Mellewigt 2007; Markides and Berg 1992; Palmer and Quinn 2007; Pauwels and Matthyssens 2003), and strategic misfit is the core issue among all the strategic reasons (Alexander and Quinn 2002). Therefore, it is necessary to include strategic fit as an antecedent of firms' exit decision. Specific to this study, the internal *strategic fit* between a subsidiary and its headquarters, which is as important as external strategic fit (fit between environment and strategy) but has been largely ignored by previous studies (Thornhill and Amit 2001) is included.

3.2.3 Dynamic Capabilities Theory and the Theory of Competitive Advantage

As an extension of the RBV, which posits that *possession* of valuable, rare, inimitable, and non-substitutable resources allows a firm to attain sustainable competitive advantages (Barney 1991), dynamic capabilities theory aims to address the missing link between resource possession and resource exploitation in the RBV (Newbert 2007). Specifically, instead of treating capabilities as one of the basic resources, dynamic capabilities theory clearly distinguishes capabilities from resources by the fact that they are dynamic, deeply embedded in organisations, and have a higher degree of inimitability and non-substitutability (Fang and Zou 2009; Teece, Pisano, and Shuen 1997; Theodosiou, Kehagias, and Katsikea 2012; Vorhies, Orr, and Bush 2011). Therefore, it is the capabilities of exploiting and reconfiguring resources to match the dynamic market conditions that are more closely linked to firms' sustainable

competitive advantages over time (Morgan, Vorhies, and Mason 2009; Theodosiou, Kehagias, and Katsikea 2012). Based on this argument, marketing capabilities are included in the model as an antecedent of competitive advantage.

According to the theory of competitive advantage, positional competitive advantages such as low-cost advantages and differentiation advantage are dominant predictors of performance (Barney 1991; Hunt and Morgan 1995; Porter 1980). The theory of competitive advantage also holds that firms' capabilities/competence are an important source of positional competitive advantages (Day 1994; Porter 1980). Therefore, in order to enjoy superior performance, a firm should firstly develop marketing capabilities (Day and Wensley 1988). In addition, the Day and Wensley (1988) framework of competitive advantages contends that strategic choice (including quality of formulation and implementation) is a necessary antecedent of competitive advantages. As a result of further specifying the interaction between strategy formulation and strategy implementation (i.e. that whether and how well the value of a formulated strategy can be realised depends on the strategy implementation, Dess 1987), it is possible to argue that with a high level of international marketing capability, which facilitates the strategy implementation (Krasnikov and Jayachandran 2008), firms are more likely to achieve competitive advantage and superior performance.

The theory of competitive advantage also supports the moderating effect of marketing capabilities on the relationship between the triggers of exit (poor performance and strategic fit) and an exit decision. Foreign affiliates with high levels of marketing capability can more easily convince the headquarters to cancel/postpone the exit decision, because they are more likely to gain competitive advantage via effectively

adjusting and implementing strategy (Murray, Gao, and Kotabe 2011), thereby enhancing the performance and/or achieving strategic fit.

3.3 CONCEPTUAL FRAMEWORK

In summary, based on the ESPS paradigm, firms' environment (both internal and external), marketing strategy, international performance, and exit from a foreign market are included as the main theoretical underpinnings of this study. At the same time, the co-alignment (internal consistency) among the four dimensions of the international marketing-mix adaptation, is introduced as a determinant of firms' international performance to address the idea of fit theory. In addition, dynamic capabilities theory, and the theory of competitive advantage, are also presented for the inclusion of marketing capabilities and competitive advantage (see Figure 3.1 and Figure 3.2). Due to the model complexity, the whole ESPS model is broken into the ES model (Part A) and the SPS model (Part B). This decision allows for the international marketing strategy in the ES model and the SPS model to be treated differently in the subsequent data analysis section.

Specifically, in the ES Model, the four dimensions of marketing programme adaptation (i.e. product adaption, promotion adaptation, price adaptation, and distribution adaptation) are examined individually, because every dimension is of great importance in the formulation of individual strategies. In this respect, the focus is on how environmental factors influence product adaption, promotion adaptation, price

adaptation, and distribution adaptation, respectively. However, when it comes to developing a marketing strategy to achieve an intended goal, the four dimensions of the marketing-mix strategy should be considered aggregately, because in this case each dimensional strategy is only part of the overall strategy.

As a result, in the SPS Model, marketing programme adaptation is treated as a second-order factor of the four dimensions including product adaptation, promotion adaptation, price adaptation, and distribution adaptation. In this case, instead of each of the four dimensions being treated individually, the focus is on the marketing-mix as a whole: the co-alignment (alternatively internal consistency, fit, or congruence) among product adaptation, promotion adaptation, price adaptation, and distribution adaptation. The rationale is best documented by the Learned et al. (1965, p.21) statement “the ability to identify the four components of strategy ... is nothing compared to the art of reconciling their implications in a final choice of purpose”. In terms of marketing-mix strategy, some scholars argue that these four aspects are interdependent and inseparable (Clague and Grossfield 1974; Rao 1984; Sousa and Bradley 2009b). Strategic shift in one dimension (i.e. product adaptation, promotion adaptation, price adaptation, or distribution adaptation) without considering the co-alignment with the other three can only lead to economic inefficiency (Chandler 1962). Therefore, internal consistency of the marketing mix (i.e. each component/decision in the marketing-mix should reflect the intended whole purpose) is a key marketing principle (Park and Zaltman 1987; Swait and Erdem 2002).

According to Venkatraman and Walker (1989), and Venkatraman (1990), the strategic co-alignment (or internal consistency) can be empirically examined by a second-order

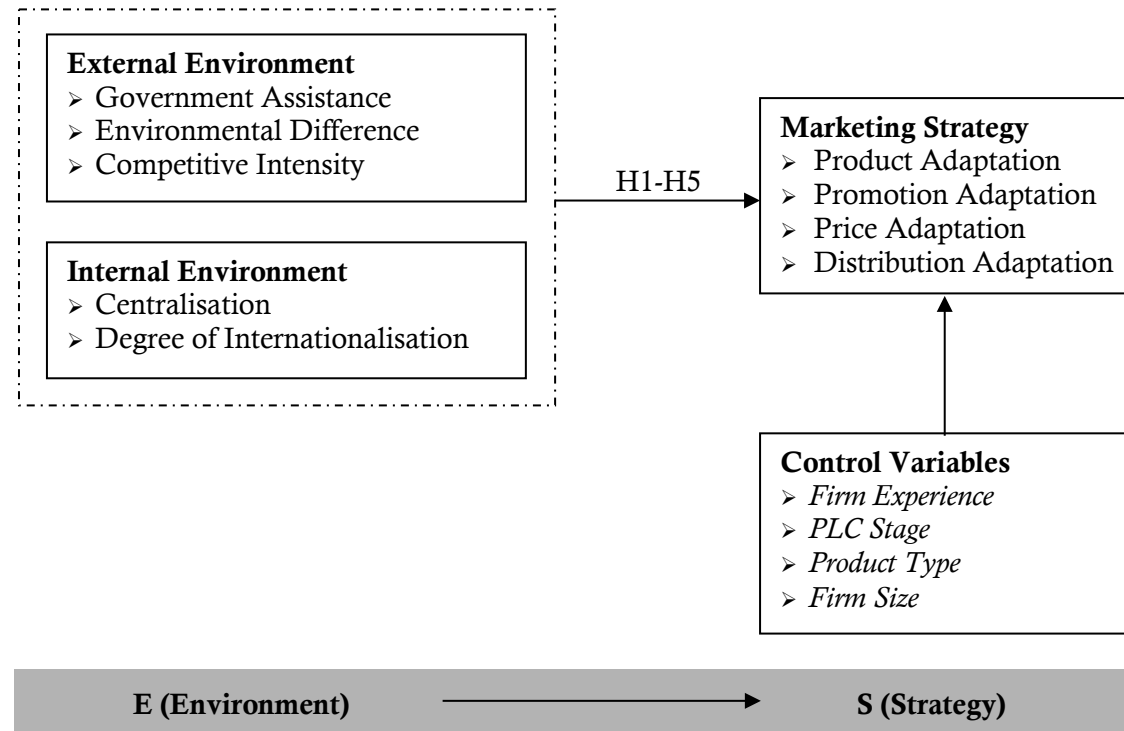
factor, where the first-order factors are the dimensions that are to be co-aligned. Therefore, in the study marketing-mix adaptation is treated as a second-order factor of the four strategic dimensions to examine the strategic co-alignment. Specifically, the research interest in the SPS Model is to discover how the strategic co-alignment among product adaption, promotion adaptation, price adaptation, and distribution adaptation exerts influence on international performance and competitive advantage. By investigating the strategic co-alignment of the marketing-mix instead of separately focusing on each dimension, the notion that the four dimensions of marketing-mix strategy should be aggregately considered in order to achieve the intended goal (e.g. superior performance) is emphasised. Therefore, by incorporating the concept of co-alignment, this second-order approach is theoretically more meaningful (Venkatraman and Walker 1989).

The conceptual framework shown in Figures 3.1 and 3.2 aims to explain the link between firms' internal/external environmental factors, strategies, performance, and exit decision. Additionally, the moderating role of firms' marketing capabilities based on the dynamic capabilities theory, and the theory of competitive advantage is considered. Specifically, the framework postulates that an FDI firm's internal and external environment exerts a great influence on the choice of appropriate marketing strategy. The co-alignment among the marketing-mix adaptation and marketing capabilities leads to positional competitive advantage (Day and Wensley 1988), which in turn determines the firm's international performance (Leonidou, Palihawadana, and Theodosiou 2011). Strategy and international performance are considered in the literature to be the most important factors influencing firms' exit behaviour (Decker and Mellewigt 2007; Fisch and Zschoche 2012; Vignola 1974). When the international

performance is not satisfactory, or there is a lack of strategic fit between a foreign affiliate and its headquarters, this foreign affiliate may experience triggers to exit from the foreign market. However, the route from these triggers towards the final exit decision is not straightforward. Specifically, the influences of the two triggers on the final decision to exit may be cushioned by firm-specific characteristics, such as marketing capabilities and organisational slack (treated as control variables).

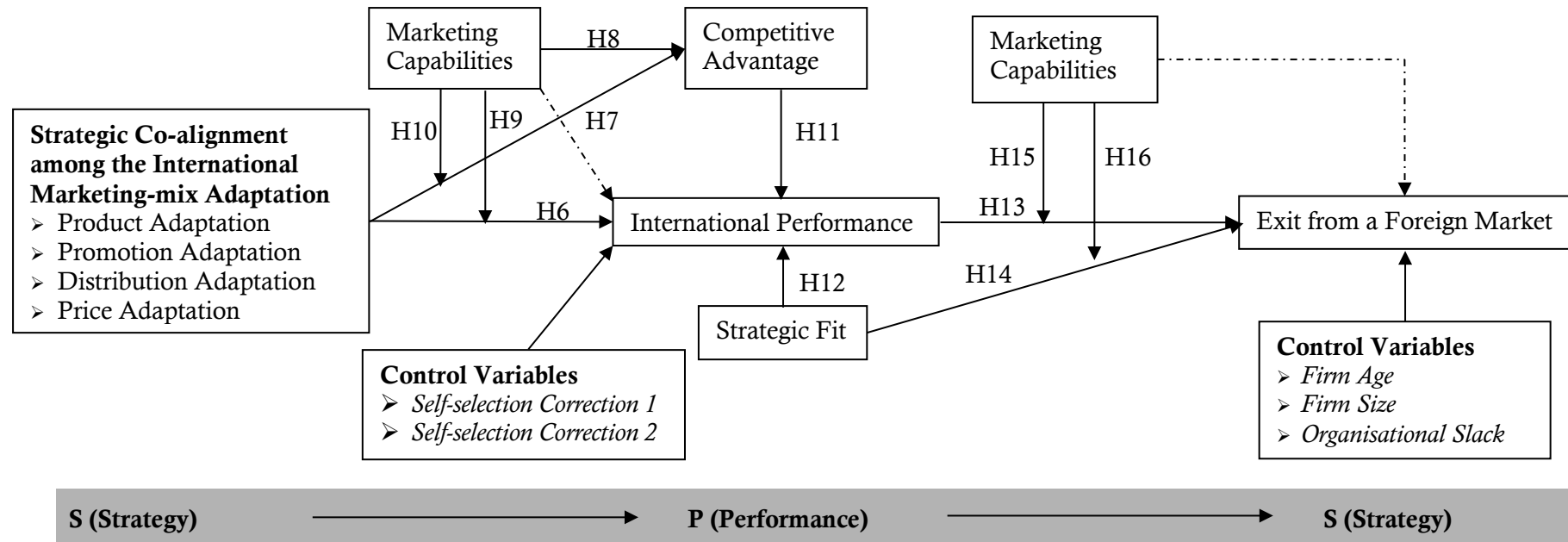
Several control variables are also considered in the models because they are suggested to have some impact on the dependent variables. In particular, firm size, firm experience, product type, and stage of product life cycle are included in the ES Model, whilst in the SPS Model, firm size, firm age, and organisational slack are included. These control variables are further discussed in section 5.3. At this point, the research hypotheses underlying the two models are considered in more detail.

Figure 3.1: Relationship between Environment and Marketing Strategies (ES Model)



ESPS Model Part A: the ES Model

Figure 3.2: Relationship between Strategies and International Performance (SPS Model)



ESPS Model Part B: the SPS Model

3.4 RESEARCH HYPOTHESES

This section develops the research hypotheses 1-16 shown in Figures 3.1 and 3.2. As indicated earlier, the focus of this study is the SPS model in Figure 3.2. However, the ES link is also examined to determine whether these environmental factors have the expected influence on the international marketing adaptation strategy.

3.4.1 Environmental Factors and International Marketing-mix Strategies

The environmental factors examined in this study include three external environmental factors (i.e. government assistance, environmental difference, and competitive intensity) and two internal environmental factors (i.e. centralisation, and degree of internationalisation).

3.4.1.1 Government assistance and international marketing-mix adaptation

Government assistance refers to the support provided by external bodies, such as government agencies and trade associations (Sousa and Bradley 2009a). The form of government assistance may include information-, education and training-, trade mobility-, and financial aid-related support (Leonidou, Palihawadana, and Theodosiou 2011). Although government assistance has received increasing research attention in recent years regarding its impact on firms' strategic choice and performance, the majority of the existing studies focus on the government assistance given to exporters only (e.g.

Leonidou, Palihawadana, and Theodosiou 2011; Sousa and Bradley 2009a). In this study, it is argued that the important role of government assistance in shaping international firms' strategy is not limited to the entry mode of export, because many countries also provide various forms of government assistance to firms that adopt foreign direct investment and a joint venture strategy, among others. On the one hand, receiving financial support from the government may motivate managers to adapt firms' international marketing strategy to better meet foreign consumers' needs, because the adaptation cost can be partly offset by the financial support. On the other hand, with non-financial support such as information, education, training, and trade mobility, firms may become more knowledgeable regarding consumers' tastes and competitors' strategies, which enhances their abilities to make sound judgements regarding how their international marketing strategy might be adapted to achieve superior performance (Leonidou, Palihawadana, and Theodosiou 2011). Therefore, it is postulated that with government assistance, international companies are more likely to adapt their international marketing strategies as a whole, including product, promotion, distribution, and price. This elicits the first hypothesis:

Hypothesis 1: Government assistance has a positive influence on international marketing adaptation [including (1a) product adaptation, (1b) promotion adaptation, (1c) distribution adaptation, and (1d) price adaptation]

3.4.1.2 Environmental difference and international marketing-mix adaptation

Environmental difference refers to the extent to which the environmental conditions in host markets are different from those in home market (Chandra, Griffith, and Ryans 2002; Theodosiou and Leonidou 2003). Environmental conditions include economic/political/legal conditions, marketing infrastructure, and consumer conditions, among others (Griffith, Chandra, and Ryans 2003; Hultman, Robson, and Katsikeas 2009; Katsikeas, Samiee, and Theodosiou 2006). The degree of environmental difference fundamentally influences the choice of firms' international marketing strategy between standardisation and adaptation (Theodosiou and Leonidou 2003). Institution theory holds that firms' institutional environments that include economic, political, and legal aspects, exert great influence on the strategies pursued by those firms (Griffith 2010; Sousa and Bradley 2008). Industrial organisation theory also posits that a firm's environment influences its strategy and structure (Porter 1980). Therefore, if firms operate their businesses in countries where the institutional environments are different from their domestic operations, they are likely to modify the international marketing strategy to facilitate their survival and growth.

Environmental conditions are often culturally (e.g. religion, education, language) contingent (Alashban et al. 2002). The environmental difference between the host and the home markets indicates that consumers are likely to have very different tastes in product selection (Katsikeas, Samiee, and Theodosiou 2006), consumption patterns (Hofstede 2001; Mooij 2011), and in their response to the same marketing stimuli, due to cultural distance (Griffith, Chandra, and Ryans 2003). In this case, providing the same product to people who have different preferences is unlikely to enjoy the expected return

(Sousa and Bradley 2008). Similarly, competitors in a different environment usually respond to firms' product strategy in a different way, which necessitates product adaptation to counter competitive activities specific to the target market (Hultman, Robson, and Katsikeas 2009). In addition, adaptations in products are more likely to be legally required (although they may not be compulsory) regarding design, packaging, and quality, among others, if firms operate in a markedly different country (Cavusgil, Zou, and Naidu 1993). Therefore, an adapted product strategy is preferable.

It is essential to modify promotion strategy when the host country has very different environmental conditions. To start with, international firms are usually forced to change their promotion strategy in terms of its communication theme and message, in order to conform to different advertising regulations in the host country (Chandra, Griffith, and Ryans 2002). In addition, differences in marketing infrastructure mean that the communication tools available to firms may be different from those in home markets, and hence, firms need to change accordingly. Most importantly, consumers in a different environment have different lifestyles (Jain 1989; Mooij 2011), tastes and habits (Boddewyn, Soehl, and Picard 1986; Mooij 2000; Samiee et al. 2003), which means their preferences in communication tools, communication timing, and communication message, are likely to be different. In this case, firms should consider adapting the promotion programme strategies to meet the local needs (Katsikeas, Samiee, and Theodosiou 2006).

The environmental conditions of the host country also have an influence on the cost structure of products. Firstly, each component of the resources (e.g. labour, raw

materials) may have a different price in the host market. Secondly, operating in a foreign market involves some extra cost items such as tariffs and taxes (Sousa and Bradley 2008). Moreover, exchange rates vary in different environments and also influence the actual cost of some products (Tan and Sousa 2011). Therefore, it is necessary to change pricing practice to reflect the changes in cost structure. Furthermore, the environmental conditions of the host country also have an impact on consumers' willingness to pay and price-demand elasticity (Katsikeas, Samiee, and Theodosiou 2006; Sousa and Bradley 2008), which indicates that firms operating in a different environment should change their pricing strategies accordingly in order to achieve an optimal market share, sales amount, and/or profitability.

Distribution strategy is also likely to be influenced by the foreign market environment. When the host country has different environmental conditions, the distributional channels may vary substantially regarding the numbers and types of middlemen serving the market (Kotler and Armstrong 2010), and even the mode of transportation (Sousa and Bradley 2009b). In this case, it is necessary to revise the length and density of firms' distributional channels according to the availability and cost of channel members.

Previous studies generally agree that an adapted international marketing strategy is preferable when the environmental conditions in the host country are very different from those in the home market (Jain 1989; Katsikeas, Samiee, and Theodosiou 2006). A meta-analytical study also shows that the vast majority of the studies verified a significant and positive relationship between environmental difference and each dimension of the

international marketing-mix adaptation (Tan and Sousa Forthcoming). Therefore, it is proposed that:

Hypothesis 2: Environmental difference has a positive influence on international marketing adaptation [including (2a) product adaptation, (2b) promotion adaptation, (2c) distribution adaptation, and (2d) price adaptation]

3.4.1.3 Competitive intensity and international marketing-mix adaptation

Competitive intensity refers to the degree of competition a firm faces in foreign markets (Cui and Lui 2005; Grewal and Tansuhaj 2001). It is generally accepted in previous studies that the more intensive the competition in the foreign market, the more likely it is that firms will adapt their international marketing strategy. First, both marketing theory and competitive theory acknowledge the importance of gaining competitive advantage when operating in a market (Kotler and Armstrong 2010; Porter 1980). The level of competitive intensity influences not only the competitors' activities but also changes the consumers' behaviour in the market. On the one hand, an increase in the level of competitive intensity indicates that there are more competitors operating in the same market, new competitors join the market at a faster pace, and/or price competition is more drastic (Lages and Montgomery 2004). Applying the standardised marketing strategy is unlikely to result in competitive advantage. Therefore, firms are likely to adapt their marketing strategy to meet local demand due to a greater pressure from competitors (Cui and Lui 2005).

On the other hand, an increase in the level of competitive intensity means that consumers have more choices in respect of similar products. This increases consumers' bargaining power (Porter 1980) and enhances their expectations of products, which in turn drives firms to adapt the international marketing strategy to better meet their needs. Firms are also motivated to adapt their product, promotion, price, and distribution strategies to satisfy foreign consumers such that they gain advantageous competitive positions and superior performance (Powers and Loyka 2010). The majority of the empirical studies to date confirm a significant and positive influence of competitive intensity on marketing programme adaptation (Tan and Sousa Forthcoming; Theodosiou and Leonidou 2003). Therefore, the following hypothesis is developed:

Hypothesis 3: Competitive intensity has a positive influence on international marketing adaptation [including (3a) product adaptation, (3b) promotion adaptation, (3c) distribution adaptation, and (3d) price adaptation]

3.4.1.4 Centralisation and international marketing-mix adaptation

Centralisation refers to the extent to which the headquarters retain the responsibility and authority over their subsidiaries' management regarding strategic decision-making (Özsomer and Simonin 2004; Sundaram and Black 1992). A centralised decision-making structure indicates that it is the managers at headquarters rather than those in the foreign affiliate who decide the international marketing strategy. Under the Bower (1970) logic of 'strategy follows structure', marketing strategies such as new product development are usually shaped by the current structural context (Burgelman 1983). Thus, it is argued in

this study, that when decisions are centralised at headquarters, a standardised international marketing strategy is more likely to be adopted. This occurs because: (1) managers at headquarters are more likely to view all the international businesses as a whole and are, therefore, more concerned about the economies of scale (Andersson and Forsgren 1996); (2) managers at headquarters are usually not familiar with the market conditions such as local demands and competition structure (Subramaniam 2006); and (3) managers at headquarters are not as sensitive as the subsidiaries' managers regarding environmental differences between the host and home markets (Samiee et al. 2003).

On the contrary, in a decentralised decision-making structure, it is the managers in the subsidiaries who decide the international marketing strategy. In this case, an adapted international marketing strategy is more likely to be chosen because: (1) subsidiary managers are usually responsible for the specific foreign markets where they operate. Meeting the demand of local customers is their primary goal (Andersson and Forsgren 1996); (2) subsidiary managers are knowledgeable regarding consumers' preferences and competitors' activities. They are able to make sound judgements about how to effectively adapt the international marketing strategies for superior performance (Subramaniam 2006); and (3) subsidiary managers are more sensitive to the environmental difference between the host and home markets (Samiee et al. 2003). To sum up, due to the attitudinal differences between headquarters managers and subsidiary managers resulting from their responsibility, knowledge about the foreign market, and sensitivity to environmental difference, a decentralised decision-making structure usually motivates an adapted international marketing strategy. Some empirical studies have shown that there is a significant and negative association between centralisation and international

marketing adaptation (e.g. Chung 2009; Melewar and Saunders 1998). Hence, it is suggested that:

Hypothesis 4: Centralisation has a negative influence on international marketing adaptation [including (4a) product adaptation, (4b) promotion adaptation, (4c) distribution adaptation, and (4d) price adaptation]

3.4.1.5 Degree of internationalisation and international marketing-mix adaptation

Degree of internationalisation is generally defined as the degree of a firm's involvement in foreign operations relative to domestic activities (Daniels and Bracker 1989; Sullivan 1994). The Uppsala internationalisation process model holds that the process of firms' internationalisation is incremental, stepwise, and gradual, with the purpose of gaining increased experiential knowledge and, therefore, reduced risk (Johanson and Vahlne 2009). In addition, the corporate international diversification theory also posits that one motivation for a firm to operate in international markets is that the firm could have lower risk by diversification (Kwok and Reeb 2000). Therefore, as the degree of internationalisation increases, the number of foreign markets will also increase, which makes a standardised international marketing strategy more attractive to the firm due to its advantage in economies of scale (Shoham and Albaum 1994). Also, as the internationalisation progresses, the size of the firm becomes large (Cavusgil 1984). The agency theory suggests that managers are more likely to conduct opportunistic behaviour for their self-interest when firms grow large (Eisenhardt 1989). In this case, a standardised international marketing strategy is more likely to be adopted in order to

control agent cost because it leaves less room for managers' opportunistic behaviour. Based on the above argument, it is suggested that:

Hypothesis 5: Degree of internationalisation has a negative influence on international marketing adaptation [including (5a) product adaptation, (5b) promotion adaptation, (5c) distribution adaptation, and (5d) price adaptation]

3.4.2 International Marketing Strategies and International Performance

International marketing strategy is one of the key themes in international marketing research (Aulakh and Kotabe 1993; Cavusgil, Deligonul, and Yaprak 2005). The standardisation versus adaptation paradox is probably the most widely and frequently examined topic within the international marketing strategy theme during the past few decades (Schmid and Kotulla 2011), due to its theoretical importance to researchers and practical relevance for managers (Tan and Sousa Forthcoming). More specifically, the main debate is focused on the relationship between international marketing standardisation/adaptation and international performance, both conceptually and empirically (Theodosiou and Leonidou 2003). Consequently, the following sections address the issue of whether and how, international marketing-mix adaptation influences international performance.

3.4.2.1 Strategic co-alignment among the international marketing-mix adaptation and international performance

The marketing-mix (product, promotion, price, and distribution) is generally considered as the foundation of marketing strategy (Kotler and Armstrong 2010). The four dimensions are also the most frequently studied aspects in international marketing strategy (Sousa, Martínez-López, and Coelho 2008; Theodosiou and Leonidou 2003). Despite the great volume of attention given to the marketing-mix, almost all existing studies examine each dimension (i.e. product, promotion, price, and distribution) independently, although many of them simultaneously investigate all the four dimensions (Tan and Sousa Forthcoming; Tan and Sousa 2011). However, many scholars acknowledge that these four aspects are interdependent and inseparable (Clague and Grossfield 1974; Rao 1984; Sousa and Bradley 2009b). In this case, examining the strategic co-alignment of the international marketing-mix strategy allows us to understand the impact of firms' international marketing strategy as a whole, which may be of greater interest to firms than independently emphasising each dimension. Therefore, this study deals with the influence of the co-alignment among product adaptation, promotion adaptation, price adaptation, and distribution adaptation, on international performance. Strategic co-alignment is "intrinsic to the conceptualisation of fit" and is defined as "internal consistency among a set of important decisions" (Venkatraman 1990, p.21).

In this study, it is argued that the strategic co-alignment among product adaptation, promotion adaptation, price adaptation, and distribution adaptation, has a positive impact on firms' international performance. First, an adapted strategy in product,

promotion, price, and distribution, is likely to yield a better performance because by taking consumers' preferences into consideration, such a strategy usually satisfies consumers better. In addition, the strategic co-alignment among the adaptations in product, promotion, price, and distribution, indicates that the four dimensions could reflect each other in an effective way (Venkatraman 1990). In this case, a high level of strategic co-alignment delivers a consistent, cohesive and integrated brand image which enhances customer value and loyalty (Zeithaml 1988). The consistent brand image could also strengthen firms' position (Park, Jaworski, and MacInnis 1986). Therefore, a high level of strategic co-alignment is likely to create extra value for the adapted international marketing strategy as a whole. Put together, strategic co-alignment within the international marketing-mix adaptation will lead to a better international performance for a firm. Thus, it is contended that:

Hypothesis 6: The strategic co-alignment among the international marketing-mix adaptation [i.e. product adaptation, promotion adaptation, distribution adaptation, and price adaptation] has a positive impact on international performance.

3.4.2.2 Strategic co-alignment among the international marketing-mix adaptation and competitive advantage

The theory of competitive advantage posits that strategic choice (including quality of formulation and implementation) is a necessary antecedent of competitive advantage (Day and Wensley 1988). Previous studies suggests that synergy in the marketing-mix is more likely to be achieved when marketing-mix elements are consistent with one another

(Park, Jaworski, and MacInnis 1986). That is to say, strategic co-alignment among product adaptation, promotion adaptation, price adaptation, and distribution adaptation, leads to marketing-mix synergy, which is an important source of competitive advantage (Gruca, Nath, and Mehra 1997). More specifically, the synergy of the marketing-mix strategy co-alignment implies an increase in the effectiveness of each separate elemental strategy in meeting customers' needs and competing against rivals. Another benefit of the co-alignment of marketing-mix strategy is that the co-alignment mechanism increases causal ambiguity of its success in meeting customers' demand and competition, which is more difficult for competitors to imitate and, therefore, likely to bring firms sustainable competitive advantage in the target market (Barney 1991). In addition, the co-alignment of marketing-mix strategy creates a strong and integral brand image (Zeithaml 1988), which allows a firm to compete favourably in attracting and keeping consumers in the target market (Gruca, Nath, and Mehra 1997; Michell, King, and Reast 2001). This leads to the following hypothesis:

Hypothesis 7: The strategic co-alignment among the international marketing-mix adaptation [i.e. product adaptation, promotion adaptation, distribution adaptation, and price adaptation] has a positive impact on competitive advantage.

3.4.2.3 Marketing capabilities and competitive advantage

Capabilities are defined as “complex bundles of skills and accumulated knowledge, exercised through organisational processes, that enable firms to coordinate activities and make use of their assets” (Day 1994, p.38). Therefore, in this study marketing

capabilities (mainly including product development capability, pricing capabilities, distribution capability, and communication capability) refer to the skills and accumulated knowledge which a firm uses to develop and launch new products, effectively use and manage pricing tactics, provide superior support to export distributors and develop a close relationship with them, and effectively deliver marketing messages (Kemper, Engelen, and Brettel 2011; Zou, Fang, and Zhao 2003).

Pricing capability enables a firm to quickly detect and respond to changes in consumers' and competitors' behaviour using skilful pricing (Kemper, Engelen, and Brettel 2011), thereby bringing high revenue to the firm. In addition, a firm with pricing capability tends to control product costs in order to create more room for pricing adjustment, leading to a low-cost advantage (Zou, Fang, and Zhao 2003). Product capability allows a firm to foresee market opportunities for new products, hence quickly developing and launching competitive new products. On the one hand, this may lead to branding competitive advantage (Zou, Fang, and Zhao 2003). On the other hand, it also enables the firm to decrease product cost more quickly than competitors due to economies of scale, and subsequently to enjoy a low-cost advantage. Distribution capability enables a firm to build and manage its competitive and co-operative relationship with distributors in an effective and efficient way, which is likely to substantially reduce its channel management cost. Distribution capability also allows a firm to collect end-users' information from the distributors at a very low cost (Zou, Fang, and Zhao 2003). Both are likely to bring the firm a low-cost advantage. Communication capability helps a firm to effectively deliver its marketing communication message to distributors and customers, which will keep the cost in propaganda, negotiation and conflict resolution at a minimum (Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003), thereby

promoting a low-cost advantage. To sum up, marketing capabilities are likely to provide a firm with competitive advantages (Hunt and Morgan 1995; Vorhies and Morgan 2005). The impact of marketing capabilities on competitive advantages has been supported by an empirical study (i.e. Zou, Fang, and Zhao 2003). Consequently, it is proposed that:

Hypothesis 8: International marketing capabilities have a positive impact on competitive advantages.

3.4.2.4 Strategic co-alignment among the international marketing-mix adaptation, international marketing capabilities, and international performance

Based on the previous argument that strategic co-alignment among the international marketing-mix adaptation positively influences firms' international performances (Hypothesis 6), the study goes a step further to specify that this positive impact is strengthened by firms' international marketing capabilities. Formulating an appropriate strategy is the first important step towards success (Chandler 1971). However, without effective and efficient strategy implementation of the formulated strategy, realising the value creation potential of the strategy will be very difficult (Yaprak, Xu, and Cavusgil 2011). In this case, the competence/capabilities required to implement the chosen strategy largely determine whether, the strategy will eventually lead to superior performance, and the likelihood of that possibility (Cavusgil and Zou 1994; Dess 1987). In addition, different strategies require different skills for successful implementation (Gupta and Govindarajan 1984). As such, the magnitude of the positive impact of strategic co-alignment among the international marketing-mix strategy on a firm's

international performance is greatly contingent on the firm's international marketing capabilities/skills (Vorhies and Morgan 2005).

Firms with high levels of international marketing capabilities are more able to select and co-ordinate appropriate system/structure and resource bundles to support the co-aligned marketing-mix strategy (Day and Wensley 1988; Morgan, Vorhies, and Mason 2009; Yaprak, Xu, and Cavusgil 2011). In addition, they are also able to implement pre-formulated strategy (in this case, the strategic co-alignment scheme) more effectively, better able to meet consumers' needs and compete against rivals, thereby achieving superior performance (Day and Wensley 1988; Menon et al. 1999). Thus, it is suggested that:

Hypothesis 9: The positive relationship between strategic co-alignment and international performance is strengthened by international marketing capabilities

3.4.2.5 Strategic co-alignment among the international marketing-mix adaptation, international marketing capabilities, and competitive advantages

Based on the previous argument that strategic co-alignment among the international marketing-mix adaptation positively influences firms' competitive advantage (Hypothesis 7), the study goes a step further to suggest that this positive impact is strengthened by firms' international marketing capabilities. As aforementioned, the Day and Wensley (1988) framework of competitive advantages contends that strategic choice (including quality of formulation and implementation) is a necessary antecedent of

competitive advantages. That is to say, formulating a co-aligned marketing-mix strategy and properly implementing that strategy determines whether, and how likely it is that the firm will gain competitive advantage. In order to effectively and efficiently implement the co-aligned marketing-mix strategy, international marketing capabilities are most relevant because they concern selecting, allocating, and co-ordinating firm-specific resources to support the marketing strategy (Morgan, Vorhies, and Mason 2009; Vorhies and Morgan 2005). In this regard, firms with a high level of marketing capability are more able to select appropriate financial and human resources, reasonably allocate different types of resources, and co-ordinate resources with firms' systems/structures to support a co-aligned marketing strategy, thereby better transferring the potential value of the marketing strategy to competitive advantage than their counterparts (Yaprak, Xu, and Cavusgil 2011).

In addition, through the comprehensive activities of resources selection, allocation, and co-ordination, a high level of international marketing capability enables an increase in the causal ambiguity concerning the link between international marketing strategy and competitive advantage (King and Zeithaml 2001). In this case, the co-aligned marketing strategy becomes much more difficult for competitors to imitate (Griffith, Yalcinkaya, and Calantone 2010), thereby leading to a more sustainable competitive advantage (Reed and Defillippi 1990). Therefore, a firm's international marketing capabilities are likely to strengthen the positive influence of strategy co-alignment on the firm's competitive advantage. This leads to the following hypothesis:

Hypothesis 10: The positive relationship between strategic co-alignment and competitive advantage is strengthened by international marketing capabilities

3.4.2.6 Competitive advantages and international performance

Many studies have examined competitive advantage and firms' international performance as important outcome variables (e.g. Johnson, Yin, and Tsai 2009; Lu et al. 2010; Shoham et al. 2008). However, the two variables (i.e. competitive advantage and international performance) have seldom met each other in the same study, although some conceptual studies specify a link between them (e.g. Barney 1991; Srivastava, Fahey, and Christensen 2001). A recent review also shows that despite the distinctive difference in concept, competitive advantage and economic performance are often used interchangeably (Newbert 2007). However, both theoretically and practically, competitive advantage and performance should be distinguished from each other in order to obtain a better understanding of each variable (Newbert 2007; Newbert 2008).

In this study the link between the two is specified, and it is argued that competitive advantage has a positive influence on a firm's international performance. According to Newbert (2008), although both competitive advantage and performance indicate economic value, the former derives from the exploitation of a firm's resource-capability combinations, whereas the latter is created from the commercialisation of a firm's resource-capability combinations. In addition, the concept of competitive advantage is solely competition-oriented, meaning that a firm is better than its competitors. It does not necessarily indicate performance unless consumers acknowledge its value and pay for it. This is to say that in order to turn a competitive advantage into superior

performance, bargaining power is needed (Schmidt and Keil 2013). Therefore, it is reasonable to suggest that competitive advantage is an important antecedent of international performance (Newbert 2008). Previous studies propose that competitive advantage directly results in market share and profitability (Day and Wensley 1988). Specifically, a low-cost advantage allows a firm to charge a lower price for the same products/services, which is likely to generate more market share, and hence, more revenue. In addition, by enhancing the level of price which customers are willing to pay, differentiation competitive advantage enables a firm to enjoy a superior profit margin. A few studies have found that competitive advantage is an important predictor of international performance (e.g. Zou, Fang, and Zhao 2003). Consequently, it is proposed that:

Hypothesis 11: Competitive advantage has a positive impact on international performance

3.4.2.7 Strategic fit and international performance

Strategic fit can be categorised as internal strategic fit and external strategic fit. The majority of existing studies have examined the external strategic fit between environment and strategy (e.g. Hultman, Robson, and Katsikeas 2009; Katsikeas, Samiee, and Theodosiou 2006; Zajac, Kraatz, and Bresser 2000). Very few studies have investigated internal strategic fit between a corporate parent and its venture (Thornhill and Amit 2001), which is of great importance to the venture regarding its initial survival and subsequent growth. Therefore, in this study the focus is on the internal strategic fit/co-alignment among headquarters and foreign affiliates.

A high degree of strategic fit indicates that there is an effective communication between headquarters and foreign affiliates regarding the strategic goals/objectives of both sides (Segars and Grover 1998), and this facilitates a mutual understanding and support for the strategic priority between headquarters and foreign affiliates. From the perspective of a foreign affiliate, an internal strategic fit with the headquarters gains the resources commitment from the latter. This makes it easier for the foreign affiliate to have access to the headquarters' resources, both tangible (e.g. facilities) and intangible (e.g. experiences). With strong support from the headquarters, a foreign affiliate is undoubtedly more likely to enjoy superior international performance. Empirical studies also show that an internal strategic fit between corporate parents and their ventures enhances the performance of the venture (e.g. Thornhill and Amit 2001). Thus, it is expected that:

Hypothesis 12: The strategic fit between headquarters and a foreign affiliate has a positive impact on the foreign affiliate's international performance

3.4.2.8 International performance and exit from the foreign market

Many researchers postulate that poor economic performance of foreign affiliates is the most important predictor of the exit decision (Boddewyn 1979b; Duhaime and Grant 1984; Sachdev 1976). Performance is usually considered as feedback on firms' previous business operations (Moliterno and Wiersema 2007) and as an indicator of expected future performance (Duhaime and Grant 1984). As such, poor economic performance indicates that the prior strategy choice (including strategy formulation and

implementation) of a foreign affiliate failed to meet the local demand and/or that the affiliate competes unfavourably against its counterparts in the target market. More importantly, poor economic performance implies that future performance will also be poor or even worse if no changes are made. Therefore, poor performance is likely to trigger strategic changes (Day and Wensley 1988). Further, because poor performance also signals that the existing strategy has proven to be unsuccessful in the current market (Berry 2013; Hoskisson and Turk 1990), it is very likely that many managers make an exit decision unless they are certain about the success of alternative strategies in improving future performance in a short time. Some empirical research also suggests that poor performance is positively related to the likelihood of foreign exit (e.g. Dewaelheyns and Van Hulle 2006; Montgomery and Thomas 1988; Shimizu and Hitt 2005). Thus, the following proposition is developed:

Hypothesis 13: A foreign affiliate's international performance has a negative impact on the firm's decision to exit from the foreign market

3.4.2.9 Strategic fit and exit from the foreign market

In addition to the aforementioned poor performance, FDI firms may also exit from a foreign market because of many other factors, among which the most frequently cited is strategic adjustment (Decker and Mellewigt 2007; Vignola 1974). In general, the existence of firms in a foreign market is to serve headquarters' overall strategic objectives (Chen and Ku 2000; Chung 2003). Therefore, a tight strategic fit with the headquarters could always secure a good place for the foreign affiliate within the whole company,

because the foreign affiliate stays closely to the core business due to the strategic fit. As such, the foreign affiliate is less likely to be withdrawn from the foreign market.

In addition, a tight strategic fit with the headquarters allows a foreign affiliate to build a good relationship with management at headquarters and, therefore, gain more commitment (including financial commitment and relational commitment, see Thornhill and Amit 2001) from the headquarters. On the one hand, more financial commitment facilitates a foreign affiliate's success in the foreign market, which decreases the likelihood of exit (Boddewyn 1979b; Sachdev 1976). On the other hand, more relational commitment from headquarters' management indicates that headquarters' management is less willing and likely to withdraw the foreign affiliate (Duhaime and Grant 1984; Morgan and Shelby 1994). Existing studies also find that headquarters' management are more likely to make an exit decision when a foreign affiliate's strategy does not fit well with that of the headquarters (e.g. Alexander and Quinn 2002; Markides and Berg 1992). Based on the above arguments, it is suggested that:

Hypothesis 14: The strategic fit between headquarters and a foreign affiliate has a negative impact on the decision to exit from the foreign market

3.4.2.10 International marketing capabilities, international performance, and exit from the foreign market

Continuing with the previous argument that a foreign affiliate's international performance negatively influences its exit from the foreign market (Hypothesis 13), the

study now takes a further step to specify that this negative impact is likely to be weakened by firms' international marketing capabilities. Compared to other entry modes such as exporting and joint venture, an FDI represents the largest resource commitment (Woodcock, Beamish, and Makino 1994). It is, therefore, reasonable to assume that a multinational company will not make a rash decision to exit from the foreign market when the affiliate does not yield a satisfactory performance, if it is believed to have potential to improve the performance (Berry 2013). In this case, the international marketing capabilities of a foreign affiliate are one important contingent factor, which could substantially influence the likelihood of exiting from the foreign market for two reasons.

Firstly, with a high level of international marketing capability, managers in a foreign affiliate are less willing to make/accept an exit decision due to self-efficacy (Whyte, Saks, and Hook 1997), referring to "a person's estimate of his or her capacity to orchestrate performance on a specific task" (Gist and Mitchell 1992, p.183). They can more easily convince the decision-makers to postpone/cancel the exit decision, because marketing capabilities enhance their bargaining power in decision-making (Moon and Lado 2000). Secondly, a high level of international marketing capability allows a foreign affiliate to effectively and efficiently reallocate the resources, adjust marketing strategy, and implement the marketing strategy to meet local demand and compete against its rivals in the current market (Day and Wensley 1988; Morgan, Vorhies, and Mason 2009), thereby improving future performance in a short time (Newbert 2008). In this case, managers are more likely to adjust strategies for the current market in the hope of future recovery, instead of making an immediate exit decision (Birkinshaw and Hood 1998). Therefore,

when a foreign affiliate demonstrates a high level of international capability, its poor performance is less likely to result in an exit decision. On this basis, it is proposed that:

Hypothesis 15: The negative relationship between a firm's international performance and that firm's decision to exit from the foreign market is weakened by international marketing capabilities

Continuing with the previous argument that the strategic fit between a foreign affiliate and headquarters negatively influences its exit from the foreign market (Hypothesis 14), it is now further suggested that this negative impact is likely to be weakened by firms' international marketing capabilities. Marketing capabilities concern the processes of marketing strategy formulation and implementation (Morgan, Vorhies, and Mason 2009). A high level of marketing capability indicates that a foreign affiliate is able to integrate the collective knowledge, skills, and its resources (Griffith, Yalcinkaya, and Calantone 2010), and further deploy this resource bundle to formulate appropriate marketing strategy and implement it properly (Vorhies, Orr, and Bush 2011), thereby achieving a desired end (Birkinshaw and Hood 1998). When there is a lack of strategic fit between foreign affiliates and headquarters, foreign affiliates with a high level of marketing capability are able to effectively regain a strategic fit. The reason is that they can quickly respond to the misfit by re-integrating and re-deploying resources to formulate a strategy which better fits that of the headquarters, and thus, effectively implement the strategy (Birkinshaw and Hood 1998; Griffith, Yalcinkaya, and Calantone 2010). In this case, headquarters are less likely to exit a strategically misfit foreign affiliate with a high level of marketing capability, because it is able to regain the fit. Therefore, it is expected that:

Hypothesis 16: The negative relationship between the strategic fit (between headquarters and the foreign affiliate) and the firm's decision to exit from the foreign market is weakened by international marketing capabilities.

3.5 SUMMARY

This chapter has focused on the development of conceptual framework and research hypotheses. The focuses of current study was first introduced. The theoretical bases for the conceptual framework was then presented, followed by the conceptual framework (i.e., ESPS model). Finally the research hypotheses of the ESPS model were developed. The Table 3.1 summarises the content of all the hypotheses in this chapter.

Table 3.1: Summary of the Research Hypotheses in the ESPS Model

	Independent Variable	Sign	Dependent Variable	Moderator(Sign)
H1	Governmental Assistance	+	Product Adaptation (H1a) Promotion Adaptation (H1b) Price Adaptation (H1c) Distribution Adaptation (H1d)	
H2	Environmental Difference	+	Product Adaptation (H1a) Promotion Adaptation (H1b) Price Adaptation (H1c) Distribution Adaptation (H1d)	
H3	Competitive Intensity	+	Product Adaptation (H1a) Promotion Adaptation (H1b) Price Adaptation (H1c) Distribution Adaptation (H1d)	
H4	Centralisation	-	Product Adaptation (H1a) Promotion Adaptation (H1b) Price Adaptation (H1c) Distribution Adaptation (H1d)	
H5	Degree of Internationalisation	-	Product Adaptation (H1a) Promotion Adaptation (H1b) Price Adaptation (H1c) Distribution Adaptation (H1d)	

Table 3.1: Summary of the Research Hypotheses in the ESPS Model (*Continued*)

	Independent Variable	Sign	Dependent Variable	Moderator(Sign)
<i>H6</i>	Strategic Co-alignment among the Marketing-mix Adaptation	+	International Performance	
<i>H7</i>	Strategic Co-alignment among the Marketing-mix Adaptation	+	Competitive Advantage	
<i>H8</i>	Marketing Capabilities	+	Competitive Advantage	
<i>H9</i>	Strategic Co-alignment among the Marketing-mix Adaptation	+	International Performance	Marketing Capabilities (+)
<i>H10</i>	Strategic Co-alignment among the Marketing-mix Adaptation	+	Competitive Advantage	Marketing Capabilities (+)
<i>H11</i>	Competitive Advantage	+	International Performance	
<i>H12</i>	Strategic Fit	+	International Performance	
<i>H13</i>	International Performance	-	Exit from the Foreign Market	
<i>H14</i>	Strategic Fit	-	Exit from the Foreign Market	
<i>H15</i>	International Performance	-	Exit from the Foreign Market	Marketing Capabilities (-)
<i>H16</i>	Strategic Fit	-	Exit from the Foreign Market	Marketing Capabilities (-)

CHAPTER 4: RESEARCH DESIGN

This chapter explains the research design adopted to transform the hypothesised research model in Chapter 3 into an operational research project. Specifically, a detailed step-by-step description of major issues and decisions regarding general research design strategies, research methods for data collection, the development and revision of the questionnaire, the administration of the survey, the profile of the sample, the assessment of non-response bias, and the issues about common method bias are considered.

4.1 GENERAL RESEARCH DESIGN STRATEGY

A research design refers to “a plan, structure and strategy of investigation so conceived as to obtain answers to research question ... It includes the outline of what the researcher will do from writing the hypotheses and their operational implications to the final analysis of data” (Kerlinger 1986, p.279). More particularly, research design is a detailed plan specifying the methods and procedures for collecting and analysing the data (Rosenthal and Rosnow 1991). An appropriate research design should therefore, be driven by the research question. It should also match the research question in a way to ensure that the evidence obtained enables the researcher to clearly and effectively address that question (Bono and McNamara 2011).

The current study aims to determine the relationships between FDI firms' environment, marketing strategies, international performance, and exit decisions. In this case, the research focus is on factual evidence extracted from firms operating in the real-world market, thereby testing the adequacy of existing theories in explaining the natural phenomena in the business world. This study is therefore, descriptive (instead of exploratory or explanatory) and correlational (instead of causal). As a result, survey is an appropriate research design for the current study, and much more preferable to experimentation or a case study approach, because experiment is for addressing causal relationships in unnatural circumstances, and case study is for explanatory research (Yin 2003). In addition, survey is also the most frequently adopted research design in international marketing research (Leonidou and Katsikeas 2010).

In terms of the time dimension, based on the guidelines proposed by Rindfleisch et al. (2008), a cross-sectional survey rather than a longitudinal survey is chosen for the hypothesised research model for several reasons. These are: because the nature of the key constructs is mainly externally oriented, the likelihood of response bias is relatively low, the theoretical foundation is well developed, the likelihood of intervening events is high (e.g. changes in personnel), and the nature of the argument is between subjects. In addition, considering that cross-sectional survey is likely to suffer from severe common method bias, multiple respondents are used as the research sample, an approach which is deemed to be the most preferred as a data collection strategy (Podsakoff et al. 2003; Rindfleisch et al. 2008). Regarding the unit of analysis underlying the hypothesised framework, this study uses an individual foreign affiliate (e.g. subsidiary, branch, representative office) of a multinational company. The reason is that, by focusing on a single subsidiary instead of the whole company, it is possible to make a more accurate

assessment of the specific predictor variables (e.g. environment, strategy) and their corresponding outcome variables (e.g. strategies, performance) in the research model (Cavusgil, Zou, and Naidu 1993).

4.2 RESEARCH METHODS FOR DATA COLLECTION

After choosing the cross-sectional survey as the general research design, the research methods and procedures for collecting the data were contemplated. Several administration methods such as postal surveys, face-to-face surveys, telephone surveys, and electronic surveys can be used to gather data in survey research, each of which has its own benefits and weaknesses. After comparing the advantages and disadvantages of these methods, a self-administered internet survey (i.e. online questionnaire survey) was considered to be the optimal approach for the current research project for several distinct reasons.

Firstly, the target population is located in a foreign country (China) and widely distributed geographically. In addition, the study needs to collect data from managers of foreign affiliates, which are globally distributed. Considering the high cost involved, it is not realistic to use approaches other than an online questionnaire survey, which is the most cost-effective and efficient method to gather data (Simsek and Veiga 2000). Secondly, the survey questionnaire is necessarily is very complex as the sets of questions are different for respondents with different roles (i.e. managers at headquarters or in foreign affiliates) and with different experience (i.e. whether the firm has experience of exiting from a foreign market or not). With the function of skip logic, which directs

respondents through different paths in a survey, an online questionnaire provides questions tailored especially to each type of respondent based on their answers to filter questions. Thirdly, the function of question piping allows for greater control and precision over question wording by automatically including the answer choice as part of a question. In this case, each respondent receives a more personalised survey experience and therefore, is more likely to engage in the survey. As a result, the response quality and completion rate tend to be higher. Fourthly, the use of an online questionnaire enables all the options available to be listed without taking up extra space (i.e. use drop-down menu), which greatly saves effort on the part of the respondents and hence, increases the completion rate of the questionnaire.

Finally, it is important to note that an online questionnaire survey is also valid for the current research. According to the research methods literature, the biggest threat to the validity of using an online survey is that the sample may not be representative, because a portion of the target population may have no access to the internet (Simsek and Veiga 2001). However, this is not an issue for the current research, because the targets are multinational companies with at least one foreign affiliate, and email/internet is an indispensable medium for the daily communication between headquarters and their foreign affiliates. Therefore, all the senior managers (target respondents) have access to the internet and the use of an online questionnaire survey will not exclude any eligible respondents.

4.3 DEVELOPMENT OF THE QUESTIONNAIRE

Having chosen the online questionnaire survey as a method, the next step was to design the questionnaire, and in this respect, the good practice established in the literature was followed. In order to motivate the respondents to become engaged, and provide complete, honest, and accurate answers, the seven steps identified in the literature (Malhotra and Birks 2007) were taken to develop the questionnaire. Malhotra and Birks (2007) suggest these as being to: (1) specify the information needed and the type of interviewing method; (2) determine the content of individual questions; (3) overcome the respondent's inability and unwillingness to answer; (4) choose the question structure; (5) choose the question wording; (6) arrange the questions in a proper order; and (7) identify the form and layout, and reproduce the questionnaire.

4.3.1 Specifying the Information Needed

To ensure that the information obtained fully addressed all the components of the research questions, models, and hypotheses, a table was prepared in which all the conceptual constructs and their measures were listed (See Table 4.1).

Table 4.1: Measurement and Scaling Constructs

Construct	Indicator	Source
Governmental Assistance	On a 5-point Likert Scale, anchored by ‘1-No support’ and ‘5-Substantial support’	
	<i>1. Education-/Training-Related Programme</i>	
	(1) Training programmes on overseas investment	Leonidou, Palihawadana, and Theodosiou (2011)
	(2) Provision of counselling advice on FDI business	
	(3) Organisation of FDI seminars/conferences	
	<i>2. Trade Mobility-Related Programmes:</i>	
	(1) Assistance in participating in international investment and trade fair/trade show/exhibition	
	(2) Trade support by the Chinese institute abroad	
Environmental Difference	On a 5-point Likert Scale, anchored by ‘1-Very similar’ and ‘5-Very different’	
	1. General environment (e.g. economic, industrial, technical, communication/marketing infrastructure environment)	Griffith, Chandra, and Ryans (2003)
	2. Political/legal environment	Katsikeas, Samiee, and Theodosiou (2006)
	3. Per capita income	Chung (2007)
	4. Purchasing power of customers	
Competitive Intensity	On a 5-point Likert Scale, anchored by ‘1-At a very low level’ and ‘5-At a very high level’	
	1. Pace of new competitive moves in this product /service area	Hultman, Robson, and Katsikeas (2009)
	2. Frequency of promotion wars in this industry	Jaworski and Kohli (1993)
	3. Frequency of new product /service introductions by competitors	Cui, Griffith, and Cavusgil (2005)
	4. Extent of price competition	
	5. Extent of overall competition in the industry	

Table 4.1: Measurement and Scaling Constructs (*Continued*)

Construct	Indicator	Source
Centralisation	On a 5-point Likert Scale, anchored by ‘1-Foreign affiliate decides’, ‘2-Foreign affiliate decides, headquarters influences’, ‘3-Equal influence’, ‘4-Headquarters decides, foreign affiliate influences’, and ‘5-Headquarters decides’	Özsomer and Simonin (2004)
	1. Product design	
	2. Brand name	
	3. Package design	
	4. Pricing	
	5. Distribution	
	6. Sales force management	
	7. Sales promotion	
Degree of Internationalisation	1. Foreign sales as a percentage of total sales	Sullivan (1994)
	2. The geographical dispersion of the overseas subsidiaries of a firm	
Product Adaptation	On a 5-point Likert Scale, anchored by ‘1-Very similar’ and ‘5-Very different’	Hultman, Robson, and Katsikeas (2009) Katsikeas, Samiee, and Theodosiou (2006) Katsikeas, Samiee, and Theodosiou (2006)
	1. Product/service quality	
	2. Product/service design and style	
	3. Product/service packaging	
	4. Product/service labelling	
	5. Brand name	
	6. Pre- and after-sales service	

Table 4.1: Measurement and Scaling Constructs (*Continued*)

Construct	Indicator	Source
Promotion Adaptation	On a 5-point Likert Scale, anchored by ‘1-Very similar’ and ‘5-Very different’	
	1. Budget for promotion	Lages, Jap, and Griffith (2008) Özsomer and Simonin (2004)
	2. Advertising theme	
	3. Media allocation	
	4. Sales promotion	
	5. Public relations activities	
	6. Personal selling techniques	
Price Adaptation	On a 5-point Likert Scale, anchored by ‘1-Very similar’ and ‘5-Very different’	
	1. Selling price to end-users	Theodosiou and Katsikeas (2001) Katsikeas, Samiee, and Theodosiou (2006)
	2. Selling price to trade customers	
	3. Profit margins to trade customers	
	4. Profit margins to end-users	
	5. Sales/credit terms	
Distribution Adaptation	On a 5-point Likert Scale, anchored by ‘1-Very similar’ and ‘5-Very different’	
	1. Control over distribution channels	Katsikeas, Samiee, and Theodosiou (2006) Sousa and Bradley (2009b)
	2. Type of middlemen used	
	3. Distribution coverage	
	4. Inventory control	
	5. Order processing systems	

Table 4.1: Measurement and Scaling Constructs (*Continued*)

Construct	Indicator	Source
Marketing Capabilities	On a 5-point Likert Scale, anchored by ‘1-Much weaker’ ‘3-The same’, and ‘5-Much stronger’ (compared to major competitors)	
	1. Advertising and promotion	Zou, Fang, and Zhao (2003)
	2. Pricing	Vorhies and Morgan (2005)
	3. Distribution	Morgan, Vorhies, and Mason (2009)
	4. New product/service development	
	5. Environmental scanning	Theodosiou, Kehagias, and Katsikea (2012)
	6. Market planning	
	7. Marketing skill development	
	8. Marketing implementation	
Competitive Advantage	On a 5-point Likert Scale, anchored by ‘1-Much worse’ ‘3-The same’, and ‘5-Much better’ (compared to major competitors)	
	1. Product differentiation	
	2. Price	
	3. Distribution	Navarro et al. (2010)
	4. Promotion or communication	
	5. Human resources	
	6. Costs	
International Performance	On a 5-point Likert Scale, anchored by ‘1-Not at all satisfactory’ ‘3-Neither satisfactory nor dissatisfactory’, and ‘5-Extremely satisfactory’ (compared to initial objectives)	
	1. Sales volume	Lages and Montgomery (2004)
	2. Profitability rate	
	3. Market share	
	4. Overall performance	

Table 4.1: Measurement and Scaling Constructs (*Continued*)

Construct		Indicator	Source
Strategic Fit		On a 5-point Likert Scale, anchored by '1-Entirely unfulfilled' and '5-Entirely fulfilled'	
		1. Understanding the strategic priorities of the headquarters	
		2. Aligning the foreign affiliate's strategies with the strategic plan of the headquarters	
		3. Adapting the goals/objectives of the foreign affiliate to the changing goals/objectives of the headquarters	Segars and Grover (1998)
		4. Maintaining a mutual understanding with headquarters management on the role of the foreign affiliate in supporting the headquarters' strategy	
		5. Identifying the foreign affiliate-related opportunities to support the strategic direction of the headquarters	
Exit		Dummy variable where 0-No and 1-Yes	Gimeno et al. (1997)
Control Variable	Firm Experience	1. Number of years operating in international markets 2. Number of years of operating in the specific foreign markets	Brouthers and Xu (2002) Myers and Harvey (2001)
	Firm Size	1. Number of employees 2. Annual sales amount in the year of 2011	Sousa, Martínez-López, and Coelho (2008)
	Firm Age	The number of years since the time of entry to the time of exit the foreign market (or to 2011 if it was still in operation)	Chang and Singh (1999)
	Product Type	Dummy variable where 0 - industrial products and 1- consumer products	Lee and Griffith (2004)
	Product Life Cycle (PLC) Stage	Reported stage at time of exit (current stage if it is in operation), where 1 – introductory stage, 2 - growth stage, 3- mature stage, and 4 – decline stage.	Ryans (1988)

Table 4.1: Measurement and Scaling Constructs (*Continued*)

Construct	Indicator	Source
<i>Control Variable</i>	<i>Organisational Slack</i>	<p>On a 5-point Likert Scale, anchored by ‘1-Strongly disagree’, ‘3-Neither agree nor disagree’, and ‘5-Strongly agree’</p> <p>1. The headquarters had been operating below engineered capacity</p> <p>2. The headquarters’ retained earnings have been sufficient for market expansion</p> <p>3. The headquarters had a pool of financial resources that can be used on a discretionary basis</p> <p>4. The headquarters was able to secure necessary bank loans.</p>
		Tan and Peng (2003)

When choosing the item set of measures for each construct, several issues were considered. Firstly, wherever possible, existing measures that have been validated in previous studies and have been widely used in a similar research context (i.e. FDI context, exporting context) were adopted. Secondly, the vast majority of the constructs under investigation were operationalised as multi-item measures because they were not sufficiently concrete to be measured with a single item. In addition, the use of multi-item measures is also suggested to have greater validity (Churchill 1979) and reliability (Peter 1979). Thirdly, most of the items were measured on an interval or ratio scale to ensure internally consistent data that could be analysed in a statistical manner.

At this stage, it was also important to have a clear idea about the characteristics of the target respondents because different types of respondents might favour different types of questionnaire in terms of style and wording (Malhotra and Birks 2007). Therefore, some information about the respondents' preferences in respect of their reading and writing style was obtained by asking industrial professionals in similar positions (i.e. senior marketing managers, general managers, executive assistant to the president, etc.) for their opinions. These were subsequently taken into account in the later stages of the questionnaire construction.

Researchers should also specify the type of interviewing method (i.e. which administrative method is to be chosen to collect the data) at this stage, if they have not already decided this earlier, because different administrative methods have specific requirements in terms of how the questionnaire is formulated (Malhotra and Birks 2007). In this case, the electronic survey was chosen as the most appropriate method as indicated in section 4.2.

4.3.2 Determining the Content of Individual Questions

Once the required information is specified, and the administrative method decided, it is necessary to determine what to include in the individual questions, in which respect, it is crucial that the content be carefully considered since the quality of the questionnaire design and the data it will yield are dependent upon this. Ambiguous questions cause respondents to feel frustrated and to be less likely to complete the survey. Furthermore, and indeed worse, the data collected may not be valid in answering the research questions/addressing the hypotheses. Therefore, two key aspects regarding the content of individual questions were considered with great care (Fowler 1995; Malhotra and Birks 2007). Firstly, every question was scrutinised regarding its potential to answer the research questions and whether it could be analysed effectively to contribute towards testing the research hypotheses. Any question that was found unsatisfactory on either of these criteria was deleted. Secondly, all questions were scrutinised to ensure that there were no instances of double-barrelled questions. Where it was found that multiple questions were embedded in a single question, that question was disaggregated into several different questions so that respondents could easily understand what was being asked, and give a clear, uncomplicated answer to each question.

4.3.3 Overcoming the Respondent's Inability and Unwillingness to Answer

It is suggested that researchers should make great efforts to minimise respondents' inability and unwillingness to answer the questions, and not assume that they are able to

and willing to answer all the questions (Malhotra and Birks 2007). Consequently, the following considerations were made in designing the questionnaire. Firstly, filter questions were used at the beginning of the questionnaire so that only eligible respondents could participate in the survey. Secondly, the survey questionnaire asked respondents to indicate their most recent experience so that they could easily recall the information requested (Fowler 1995). Thirdly, an introduction was provided at the start of the questionnaire in which the motivation for the research was indicated, as a means of increasing the respondents' belief in the legitimacy and worthwhileness of the questionnaire. This action was believed to help increase the respondents' willingness to participate in the survey. Fourthly, a promise was made to provide respondents with both intangible (i.e. the conclusion of the research project) and tangible (i.e. a 10% chance to win a fine souvenir of Durham University) incentives. Finally, the effort required of the respondents was minimised by listing all the possible options for some questions without taking up extra space (i.e. list in a drop-down menu), thereby increasing the completion rate of the questionnaire. This aspect of the design was also believed to facilitate the subsequent data analysis since all the answers were framed in a standardised and consistent format.

4.3.4 Choosing the Question Structure

The choice of question structure is another important aspect of questionnaire design because this has a direct impact on the format of the data collected and the respondents' willingness to answer the questions (Fowler 1995). Question structure further influences the analytical tools that can be used at the data-analysis stage (Fowler 1995). A question may be unstructured or structured. Unstructured questions refer to open-ended questions

that respondents answer in their own words, whereas structured questions pre-specify the set of response alternatives and the response format such as multiple choice, dichotomous, or a scale (Malhotra and Birks 2007).

In this study, the majority of the questions were structured using Likert scales because they are easy to construct and administer using this approach and respondents readily understand how to use these scales, which means that the method is suitable for an internet survey. Furthermore, Likert scales are more reliable than other scales and are easy to analyse (Kumar 2011). Unstructured questions were not used as the norm because they are not suitable for self-administered research, they are much more difficult to code and analyse, and therefore, the results are very susceptible to interviewer bias (Malhotra and Birks 2007; Saris and Gallhofer 2007). However, to avoid omitting any other possible options, at the end of each question one further option was included using the words 'other, please specify' to encourage respondents to add any relevant comments. In addition, open-ended questions were sparingly used when the purpose was to understand why the respondent made a particular choice in a preceding question.

4.3.5 Choosing the Question Wording

Question wording is deemed as the most critical and difficult task in developing a questionnaire because small changes in wording produce very different results (Fowler 1995). Poor question wording may lead to item non-response and response error, which in turn may cause severely biased data results (Malhotra and Birks 2007). In this case, great efforts were made to avoid improper wording by following the detailed guidelines offered by Malhotra and Birks (2007). Specifically, the issue concerned was clearly

defined by including the six *W*s (i.e. who, what, when, where, why, and way) whenever necessary. Simple and ordinary words were also used to ensure that respondents felt comfortable with the terms used. Finally, each question was phrased carefully to avoid potentially leading questions, implicit alternatives, and implicit assumptions (Fowler 1995; Saris and Gallhofer 2007).

4.3.6 Arranging the Questions in Proper Order

The order of questions is as influential as the wording of questions, because even small changes in question sequence are likely to have a big impact on how respondents perceive individual questions and respond to those questions, which in turn may lead to serious errors in survey findings (Malhotra and Birks 2007). Therefore, the question order should be carefully planned in the construction of every survey. Based on the suggestions in existing research, great efforts were made to control any potentially negative effects of the question order. Specifically, all the questions were checked to make sure that: (1) questions were placed in a logical order; (2) qualifying questions were asked at the beginning of each part; (3) questions asking for a general evaluation on a particular issue were presented before questions about more specific aspects of the issue; (4) basic information was generally placed first and followed by classificatory information, with identification information placed at the end; (5) difficult and sensitive questions (e.g. income, performance) were placed late in the sequence; (6) questions of a similar content were grouped together to maintain the focus of the respondents; and (7) each question followed comfortably from the previous question (Malhotra and Birks 2007; McFarland 1981; Saris and Gallhofer 2007).

4.3.7 Identifying the Form and Layout

After deciding the order of the questions, the form and layout of the questionnaire were addressed. The format, spacing and positioning of questions can also have a big impact on the quality of a self-administered questionnaire. Research demonstrates that if the layout of a questionnaire is attractive, respondents are more likely to participate and complete a survey (Couper, Traugott, and Lamias 2001). In the online questionnaire for the study, therefore, the following actions were taken: (1) in order to present a professional and credible image of the research survey to respondents, the logo and the ranking of the university, the researcher's name and contact details, and the title of the study were placed as the heading of each page; (2) in order to increase respondents' willingness to participate in the survey, an introduction to the research including details of its background, sponsorship, and purpose, was presented on the first page; (3) a vivid picture of all the souvenirs was exhibited on the first page to attract respondents' participation; (4) the questions were divided into several sections (e.g. environment section, strategy section, performance section); (5) labels and underlining boldface were used to convey sections of questions so as to reinforce how information is stored; (6) instructions relating to how the question should be answered were placed at the beginning of the each section; (7) the skip logic function was used to automate skip patterns, which greatly simplified the process of taking the survey; (8) customised questions were designed so that the wording of the questions changed according to the respondent's previous answer, in order to provide respondents with pleasant experience; (9) only a few questions appeared on each screen because excessive scrolling can become a burden to respondents (Schonlau, Fricker, and Elliott 2002); (10) the colour and brightness of the questionnaire background, the colour and the size of the questions, and

the line spacing were carefully designed so that they were pleasing to respondents' eyes; (11) a progress bar was placed on the top of each page to keep respondents informed of their progress, because the inclusion of a progress indicator is likely to increase survey satisfaction and respondent engagement (Heerwegh 2004); and (12) an 'exit' button was at the top of each page so that respondents were able to interrupt their completion and then re-enter the survey (Schonlau, Fricker, and Elliott 2002).

4.4 REVIEWING THE QUESTIONNAIRE

Immediately after the questionnaire draft was ready, a critical review was undertaken in order to crosscheck whether all the important aspects mentioned above had been properly addressed. Two academic experts in marketing (one very familiar with the research topic and the other not) were invited to critically review the questionnaire draft in terms of its face validity, wording, sequencing, spacing, layout, etc. Additionally, two industrial professionals (one an executive assistant to the president and the other a marketing manager) were invited to critically evaluate the questionnaire draft, focusing on whether the instructions and questions were clear, easy to understand, and interesting. Based on the feedback from the four reviewers, a few items were modified, some question wording and instructions were changed, the sequence of a few questions was adjusted, and the format of a few questions was changed.

The English questionnaire was then translated into Chinese by the researcher who is a native Chinese speaker. Two Chinese people (one an academic expert and the other an industrial professional) read the questionnaire carefully and offered some comments regarding the question wording. Based on their suggestions, the question wording was revised in order to better fit the Chinese language context and Chinese managers' reading habits. After all these efforts, the questionnaire draft was ready for a piloting.

4.5 ELIMINATING PROBLEMS BY PILOT-TESTING

A pilot test is indispensable since however well-designed a questionnaire might be, until it is tested with a sample of the intended research population, it cannot be known absolutely how well the instrument will perform, and therefore, piloting is essential as it can only improve the quality of the questionnaire, and the chances of its success. As a general rule, the respondents in the pilot-test should be similar in all respects to those to be included in the actual survey – that is to say, they should possess the same background characteristics, familiarity with the topic, and attitudes and behaviours of interest (Malhotra and Birks 2007). Therefore, all the respondents in the pre-test were at the management level, and were also very familiar with their firms' overall business (e.g. marketing managers, senior marketing managers, general managers either based at headquarters or in foreign affiliates).

In order to gain the most benefit from the pilot-test, two stages of assessment were incorporated. The first involved conducting four personal interviews as suggested by

Malhotra and Birks (2007). Considering the geographic distance, these interviews were undertaken with managers from four different foreign affiliates based in the United Kingdom. Managers were requested to complete the questionnaire, and then to take part in a detailed discussion with the researcher. The questionnaire was further revised according to the comments made by the managers. The second stage involved conducting the pilot-test with nine managers at the Chinese headquarters using the online method. Thereafter, telephone interviews were held. The schedule of the two-stage pilot-test appears in Table 4.2.

Table 4.2: Characteristics of Pilot-Testing the Questionnaire

ID	Date	Position	Duration	Number of employees	Industry/ Sector	Foreign affiliate location
1.	23/12/2011	General manager	130 minutes	600	Manufacturing (carpets)	UK
2.	03/01/2012	General manager	90 minutes	500	Water treatment chemicals	UK
3.	10/01/2012	President	100 minutes	38	Scientific and technical services	UK
4.	17/01/2012	General manager	60 minutes	650	Manufacturing (clothes)	UK
5.	30/01/2012	Senior marketing manager	100 minutes	200	Energy supply	Turkey
6.	04/02/2012	Marketing manager	60 minutes	100000	Information transmission	Pakistan
7.	05/02/2012	Senior marketing manager	60 minutes	5000	Agriculture	Singapore
8.	11/02/2012	CFO	60 minutes	200	Information technology	Japan
9.	12/02/2012	President	90 minutes	600	Manufacturing (clothes)	Japan
10.	18/02/2012	Senior marketing manager	60 minutes	120	Manufacturing (electrical machines)	Austria
11.	20/02/2012	Marketing manager	70 minutes	4000	Mining and quarrying	Singapore
12.	22/02/2012	CFO	100 minutes	2000	Manufacturing (TV)	France
13.	22/02/2012	Project manager	60 minutes	10	Real estate	Ireland

4.6 REVISING THE QUESTIONNAIRE AND IMPLEMENTING THE MAIN STUDY

Although no significant changes were made regarding the scale items, some minor revisions were incorporated resulting from the two-stage pilot-test assessment. In particular, after the first pilot-test, the number of points on the Likert scale was reduced from ten to five, because managers believed that a five-point scale was well able to discriminate between respondents' perceptions. Also, a recent experimental study shows that a 5- or 7- point scale may produce slightly higher mean scores relative to the highest possible attainable score, compared to those produced from a 10-point scale (Dawes 2008). Another change after the first pilot-test was to provide respondents with links to both the Chinese and English versions, because despite being Chinese, some managers who had lived abroad for a long time actually preferred to read in English. After the second pilot test, the question format and wording were further simplified to make the questionnaire easier to understand. In addition, all the skip logics used were correctly linked and all the customised questions were revised.

The confirmed Chinese questionnaire was then independently translated into English by two bilingual researchers, who subsequently met with each other to resolve any discrepancies by discussion. The agreed final English version of the questionnaire was then passed to two other bilingual researchers, each of whom independently translated the new English questionnaire back into Chinese. Similarly, any discrepancies were resolved by detailed discussion. Finally, the author compared the back-translated English questionnaire with the original English version (which was fixed by the author after the revision of the second pilot-test) and minor changes on question wording were made.

4.7 ADMINISTRATION OF THE SURVEY

With all the previous work carefully done, the online questionnaire survey was appropriate for further administration. Several steps were taken to administer the survey, these being to: (1) define the population; (2) select the sampling frame; (3) choose a sampling method; (4) specify the sample size; and (5) collect the data.

4.7.1 Defining the Population

The first step was to clearly define the population from which the data was to be collected, and in this respect, the population consists of all the current and fully exited Chinese outward FDI (Foreign Direct Investment) firms. An FDI firm refers to a firm “in one economy that has acquired, either directly or indirectly, at least 10% of the voting power of a corporation (enterprise), or equivalent for an unincorporated enterprise, resident in another economy” (OECD 2008, p.49). In this study, a Chinese outward FDI firm must have registered in mainland China and have investment in another economy (including Hong Kong and Taiwan). The up-to-date OFDI population list published by the Ministry of Commerce can be accessed via its webpage (<http://www.mofcom.gov.cn/>). By the March of year 2012, the population list contained 20,070 investment records of 14,429 Chinese firms.

To address the research question, it was necessary to include both the current and past outward FDI firms. However, pre-existing outward FDI firms were not included in the up-to-date population list if they had exited all their foreign markets. Therefore, the next

step was to obtain the list of all the fully exited outward FDI firms. This was secured by comparing the difference between the up-to-date population lists at the end of 2009, 2010, 2011 with the list at the end of March in 2012. The year of 2009 was chosen as the starting point for two purposes. One was to rule out the systematic impact of unexpected global financial crisis on outward FDI firms' exiting from the foreign markets, because this is not the current research interest and may confound the relationship between the interested constructs. The assumption here is that if an FDI's exit from a foreign market is caused by the global financial crisis, the exit will take place within the two years following 2007. The other purpose was to ensure that the respondents could easily recall the exited business, since respondents from foreign affiliates that had exited the foreign markets a long time beforehand might have forgotten the details and be unable to provide accurate information in response to the questions. As a result, the complete population list of the fully exited outward FDI firms contained 1,112 firms. Therefore, in total the population list comprised 15,541 (i.e. $14,429 + 1,112$) firms.

4.7.2 Selecting the Sampling Frame

The next step was to determine the sampling frame, and in this respect, the complete list of current outward FDI firms in 12 provinces (Zhejiang, Guangdong, Jiangsu, Shandong, Fujian, Shanghai, Liaoning, Tianjin, Hunan, Heilongjiang, Henan and Beijing, with Beijing, Tianjin, and Shanghai usually called 'municipality city') was used, because it accounts for approximately 80% (i.e. 11,490 firms) of all the Chinese outward FDI firms. More importantly, these firms are representative of the whole population regarding firm characteristics, industrial characteristics, product characteristics, and governmental support. Similarly, the sampling frame of the fully exited Chinese outward FDI firms

was the complete list of those located in the same 12 provinces, amounting to 930 firms. In total, therefore, the complete sampling frame for the current study comprises 12,420 outward FDI firms.

4.7.3 Choosing a Sampling Method

Once the sampling frame was generated, the sampling approach was chosen, and in this regard, stratified random sampling was used. This type of sampling is a probability sampling procedure in which the target population is first separated into mutually exclusive, homogeneous segments/strata, and then a simple random sample is selected from each segment/stratum (Daniel and Sam 2011). The key reason why this approach is usually selected is that stratified random sampling is more representative of a population when the divisions of the target population are skewed, which is the case with the research population for this study. The use of stratified random sampling ensures that the sample is spread over each province. Additionally, stratified random sampling usually generates fewer sampling errors and is, therefore, more precise than simple random sampling. Consequently, stratified random sampling requires a smaller sample size, which in itself can save a considerable amount of time, money and effort on the part of researchers. Having decided to adopt the stratified random sampling method, it was possible to go a step further and stipulate a proportionate stratified random sampling to ensure that all the firms in the sampling population had an equal chance of selection in the sample (Babbie 2012).

4.7.4 Specifying the Sample Size

Once the proportionate stratified random sampling approach was decided upon, and the geographic area ‘province’ determined as the stratified variable, it was necessary to calculate the sample fraction for each province based on the sampling frame (Kumar 2011). Hence, a random sample of 1,000 firms was drawn from the sampling frame for participation in the study. The firms sampled were allocated across the 12 provinces such that the proportion of firms sampled for each province was identical to the proportion of firms in each province in the total population (Babbie 2012), as is shown in Table 4.3. In the case, 221 firms were randomly selected from the 2,750 firms in Zhejiang province, and 166 firms were randomly selected from the 2,056 firms in Guangdong province, and so on.

Table 4.3: Proportionate Stratified Sampling of Chinese Outward FDI Firms

Province/ Municipality City	Sampling Frame		Proportionate Sample Size		Stratified
	Frequency	Percentage	Frequency	Percentage	
Zhejiang	2750	22%	221	22%	
Guangdong	2056	17%	166	17%	
Jiangsu	1649	13%	133	13%	
Shandong	1423	11%	115	11%	
Shanghai	924	7%	74	7%	
Beijing	786	6%	63	6%	
Fujian	767	6%	62	6%	
Liaoning	629	5%	51	5%	
Heilongjiang	424	3%	34	3%	
Hunan	406	3%	33	3%	
Tianjin	344	3%	28	3%	
Henan	262	2%	21	2%	
<i>Sum</i>	<i>12420</i>	<i>100%</i>	<i>1000</i>	<i>100%</i>	

4.7.5 Collecting the Data

The contact details of all the sampled outward FDI firms were purchased from a research company. However, the database of firms' email addresses was incomplete and many of email addresses were those of webmasters, which indicated that were the questionnaires to be sent to these email addresses, the non-contact and non-response rates would be very high. To avoid this eventuality, each firm was contacted via telephone beforehand, a strategy which had several advantages. Firstly, this enabled the researcher to assess the firm's eligibility for inclusion in the survey. Secondly, it was possible to identify the most appropriate key informants. Thirdly, this enabled the

researcher to ask for the key informants' up-to-date email addresses. And lastly, the telephone interaction facilitated an effective response to the survey by creating a more co-operative atmosphere.

After attempting to make telephone contact with 1,000 sample firms, 161 firms failed to answer the telephone, 314 firms' key informants refused to participate in the survey, 417 firms' receptionists refused to transfer the line to the key informants, and 108 firms agreed to participate in the survey. An attempt was then made to contact the 161 firms which did not initially answer the call, and after several attempts, each one of these firms responded. Of these, 76 firms agreed to participate in the survey, and 85 firms refused the invitation. Therefore, in total, 184 firms participated in the questionnaire survey. From each firm, two respondents were asked to complete the online questionnaire via the SurveyMonkey system. The criteria regarding these respondents were that one should be very familiar with the strategies and performance of the Chinese headquarters, and the other should be knowledgeable about the specific foreign affiliate in question. Each respondent was sent two web links to the online questionnaire survey, one leading to the Chinese version and the other link to the English version. Thereafter, a telephone reminder was sent every weekend to those who had not started, and those who only answered part of the questionnaire. Three months later all the 368 questionnaires had been completed by the respondents from the 184 companies. Having received these 368 questionnaires, four firms were excluded because of incorrect specification of their foreign affiliates.

As a result, 364 questionnaires from 180 firms were complete and usable, yielding a response rate of 18%. This constitutes a fairly high response rate, considering that: (1) the

current research focuses on firms' exit experience, a topic which executives are reluctant to discuss because of its associations with failure (McDermott 2010); (2) multiple respondents were asked to answer the questionnaire, which is likely to lower the response rate (Glick et al. 1990); (3) the respondents were top managers (presidents, vice presidents, general managers, senior marketing managers, etc.) who are usually busy and have less time than more junior personnel to participate in a survey; and (4) existing studies which used only a single informant with the same administrative method (i.e. mail questionnaires) in similar research contexts yield similar response rates (cf. Diamantopoulos and Kakkos (2007)): 15.14%; Zou, Taylor, and Osland (1998)): 18.0% and 17.4% for the United States and Japan, respectively).

4.8 PROFILE OF THE SAMPLE

The key characteristics of the respondent firms in the sample are reported in Table 4.4, from which it can be seen that the firms had a relatively wide distribution regarding the number of employees and that the majority of them (63.9%) had more than 500 employees. This indicates that Chinese outward FDI firms are usually large in size, which is also demonstrated by the fact that the majority of the respondent firms (63.3%) reported a sales volume over 1 Billion Chinese Yuan. Regarding the number of foreign affiliates, the majority of the firms (62.8%) had less than three. In terms of the FDI firms' ownership of the foreign affiliates, the majority of the firms (85%) held 100% control. This is closely associated with their selection of FDI entry modes, because 78.3% of the firms chose the Greenfield direct investment route.

In terms of the location of their foreign affiliates in question, the majority of the firms (68.9%) identified the United States, Hong Kong¹, Singapore, Japan, Russia, and Vietnam. These countries are also among the most frequently invested destinations according to the OFDI report published by the Ministry of Commerce (2012). Other foreign affiliates were found in 35 countries such as India (4), Thailand (4), Australia (4), Cambodia (3), Germany (2), United Arab Emirates (2), Philippines (2), South Korea (2), Nigeria (2), Taiwan (2), and Turkey (2). Regarding the types of product being offered in the foreign affiliates, the main types were industrial products (36.7%), and durable consumer products (27.8%), and the least invested product type was non-durable products.

Table 4.4: Profile of the Respondent Chinese Outward FDI Firms in the Sample

Characteristics	Number of firms	% of firms
<i>Number of employees:</i>		
<100	16	8.9
100-500	49	27.2
501-1000	23	12.8
1001-5000	54	30.0
5001-10000	16	8.9
>10000	22	12.2
<i>Annual sales volume (Billion Chinese Yuan):</i>		
<1	66	36.7
1 ≤ sales volume <5	43	23.9
5 ≤ sales volume <10	22	12.2
10 ≤ sales volume <50	32	17.8
≥ 50	17	9.4
<i>Number of foreign affiliates:</i>		
1	83	46.1
2	30	16.7
3-10	55	30.6
>10	12	6.7

¹ According to the OFDI list published by the Ministry of Commerce, investment from the Chinese mainland to Hong Kong, Macao, and Taiwan is also classified as OFDI.

Table 4.4: Profile of the Respondent Chinese Outward FDI Firms in the Sample (Continued)

Characteristics	Number of firms	% of firms
<i>FDI ownership:</i>		
10%-50%	4	2.2
=50%	1	.6
50% < ownership <100%	22	12.2
100%	153	85.0
<i>FDI entry mode:</i>		
Greenfield	141	78.3
Merger	10	5.6
Acquisition	15	8.3
Joint venture	10	5.6
Other	4	2.2
<i>Most important (exited) foreign market:</i>		
United States	45	25.0
Hong Kong	42	23.3
Singapore	15	8.3
Japan	10	5.6
Russia	6	3.3
Vietnam	6	3.3
Other	56	31.1
<i>Type of product:</i>		
Durable consumer product	41	22.8
Non-durable consumer product	16	8.9
Consumer service	24	13.3
Industrial product	66	36.7
Industrial service	33	18.3
<i>Position of respondents (Headquarters):</i>		
President/CEO	55	30.6
General Manager	22	12.2
Executive Assistant to the President	17	9.4
Sales/Marketing Manager	15	8.3
Senior Marketing Manager	15	8.3
Vice President	9	5.0
Vice General Manager	9	5.0
Other (e.g. CFO, CIO, Chief Engineer)	38	21.1
<i>Position of respondents (Foreign affiliate):</i>		
Sales/Marketing Manager	47	26.1
International Business Manager	31	17.2
Vice President	22	12.2
President/CEO	17	9.4
General Manager	16	8.9
Senior Marketing Manager	14	7.8
Executive Assistant to the President	8	4.4
Vice General Manager	5	2.8
Other (e.g. CFO, CIO, Manager Assistant)	20	11.1

As mentioned previously, the current research study required multiple respondents to answer the questionnaire. The majority of the respondents at headquarters (78.9%) held a position of President/CEO, General Manager, Executive Assistant to the President, Sales/Marketing Manager, Senior Marketing Manager, Vice President, and Vice General Manager. The majority of the respondents in the foreign affiliates (88.9%) held a position of Sales/Marketing Manager, International Business Manager, Vice President, President/CEO, General Manager, Senior Marketing Manager, Executive Assistant to the President, and Vice General Manager. This indicates that the respondents were generally very familiar with the environments, strategies, and performance of the business in question. In addition, each respondent was asked to report his/her knowledgeability on an 11-point Likert scale regarding headquarters' overall strategies, headquarters' overall performance, the foreign affiliate's marketing strategies, and the foreign affiliate's performance. The average values of the reported knowledgeability were 9.42, 9.51, 8.63, and 8.71, respectively. The statistics also show that all of the respondents selected a point higher than 5, which guaranteed the reliability of the information collected.

4.9 NON-RESPONSE BIAS

All surveys have the potential for non-response bias, because it is almost impossible to obtain answers from every person in a large sample (Filion 1975). Therefore, tests for non-response bias are necessary. In this respect, the test is usually made by comparing

the difference between the response of early and later respondents. The underlying assumption is that non-respondents will be similar to late responders, and therefore differences between early and late respondents are approximately equal to the difference between respondents and non-respondents (Armstrong and Overton 1977).

In this study, the early respondents were defined as those who completed the questionnaire within the first two months, whereas the late-respondent group consisted of those people who responded in the last month of the data collection period. This division is based on the frequency of reminders sent. Specifically, the non-respondents were reminded by telephone calls once a week, meaning that those who responded in the third month had been reminded at least eight times. Hence, it is believed that they are very similar to the non-respondents and that their responses should be compared to those of earlier respondents as a way to test non-response bias. In this case, the first 107 (59.4%) returned questionnaires were early responses and the remaining 73 (40.6%) questionnaires were late responses. The differences between these early and late respondents with regard to the means of all the non-nominal variables in the research model were then considered (Lages, Jap, and Griffith 2008). No significant differences among these two groups were found, as is shown in Table 4.5. This suggests that response bias was not a significant problem in the study.

Table 4.5: Tests for Differences in Means between Early and Late Respondent Firms

Variables	Mean		t-Value
	Early Response	Late Response	
Governmental Assistance	3.00	2.88	1.324
Environmental Difference	3.55	3.63	-.442
Competitive Intensity	3.07	3.23	-1.647
Centralisation	3.53	3.84	-2.782*
Degree of Internationalisation	.31	.64	-1.263
Product Adaptation	2.85	2.78	.557
Promotion Adaptation	2.87	2.73	1.079
Price Adaptation	3.14	2.88	2.062*
Distribution Adaptation	2.86	2.73	1.154
Marketing Capabilities	3.49	3.54	-.620
Competitive Advantage	3.40	3.26	1.419
International Performance	3.01	3.22	-1.896
Strategic Fit	3.77	3.74	.200
Exit	.40	.48	-1.029
Firm Experience	7.86	7.15	.866
Firm Size (Sales Amount)	8.08	7.21	1.692
Firm Age	21.38	21.10	.069
Product Type	3.36	2.93	1.963
Stage of Product Life Cycle	2.47	2.81	-2.939*
Organisational Slack	3.74	3.78	-.420

*The differences are significant at the level of .05. (*df* = 178)

The results of Table 4.5 show that there is no significant difference between early response and late response in respect of all but three variables. For these three exceptional variables (i.e. centralisation, price adaptation, and stage of product life cycle), a further comparison was made between the observed trend of the response in Table 4.5 with the subjective estimates which were predicted by three experts in the international marketing area (Armstrong and Overton 1977). The results indicate that there is no need

to make an adjustment for non-response bias, because no consistency between the observed trend (use of extrapolation) and the predicted trend was found (Wright and Armstrong 2008).

In addition, an analysis was conducted to compare the demographic characteristics (e.g. year of establishment, locations, registered ownership of the headquarters, revenue, number of employees, and product/industrial coverage) between the 180 respondent firms and the 820 actual non-respondent firms. The results also revealed that there were no significant differences between respondent firms and non-respondent firms.

In summary, the two tests illustrated that non-response bias is not a significant issue for the current research.

4.10 COMMON METHOD BIAS

Cross-sectional survey is the most frequently used by marketing researchers and practitioners (Rindfleisch et al. 2008). However, this data collection approach has been heavily criticised for its potential threat to validity due to common method variance bias (Chang, Van Witteloostuijn, and Eden 2010; Podsakoff et al. 2003). Therefore, in this study the following efforts were made to deal with the common method issue: (1) multiple respondents were asked to answer the questionnaires, because this is the most preferred data collection strategy for reducing common method variance (CMV) bias (Rindfleisch et al. 2008). Specifically, for each firm two respondents were requested to

participate in the survey, one being responsible for headquarters' business, and the other for the foreign affiliate's business; and (2) measures for different constructs were collected from different sources (Chang, Van Witteloostuijn, and Eden 2010; Rindfleisch et al. 2008). Specifically, the data for the key dependent variable (i.e. whether the FDI firms had experience of exiting from a foreign market), were obtained from the officially published archive. In addition, self-reported data regarding some geographic characteristics (e.g. year of establishment, locations, registered ownership of the headquarters, revenue, number of employees, and product/industrial coverage) were cross-checked with the updated database (i.e. China scope database, Chinese economic census business directory). Based on all the above efforts, it is believed that common method bias is not an issue for this study.

When a study employs multiple informants to collect data, there are three key challenges to be faced, these being (Wagner, Rau, and Lindemann 2010): (1) which and how many informants should be considered; (2) how to judge the consensus among the informants; and (3) how to aggregate the multiple responses for further data analysis. Decisions on the three aspects are connected and, therefore, have a joint impact on the estimation accuracy of data (Bruggen, Lilien, and Kacker 2002; Wagner, Rau, and Lindemann 2010). Each of the above decisions are now addressed.

Firstly, top managers (such as Presidents, Executive Presidents, General Managers, Vice Presidents, Executive Assistants to the President, CFOs, and CIOs) and marketing managers (including sales managers, marketing managers, senior marketing managers, and marketing directors) were used as respondents, because they were deemed as the most knowledgeable informants for the questions under investigation (Katsikeas, Samiee,

and Theodosiou 2006; Sousa, Martínez-López, and Coelho 2008). In addition, following previous studies (e.g. Bruggen, Lilien, and Kacker 2002; Katsikeas, Samiee, and Theodosiou 2006; Kumar, Stern, and Anderson 1993), the final part of the questionnaire included four questions that assessed the informant's knowledge of: (1) the headquarters' overall strategy, (2) the headquarters' performance, (3) the identified foreign affiliate's marketing strategy, and (4) the identified foreign affiliate's performance. An eleven-point Likert scale, ranging from 'not at all knowledgeable' (1) to 'completely knowledgeable' (11), was used in each case. Two informants were believed to be adequate for the current research because the strategy recommended by Huber and Power (1985) of asking the first identified respondent to nominate the other most knowledgeable informant to answer the questionnaire, was adopted. In addition, the response of the knowledgeability assessment yielded means of 9.42, 9.51, 8.63, and 8.71 for the above four questions, respectively, which demonstrates that the use of two informants is sufficient. Moreover, the use of two informants is the most frequently adopted strategy in a multiple respondents design in existing studies (Wagner, Rau, and Lindemann 2010).

Secondly, regarding the judgement of the consensus among the informants, the recommendations by Wagner, Rau, and Lindemann (2010) were followed, and the inter-rater agreement (instead of inter-rater reliability) for each subjective item, was calculated as is shown in Table 4.6. Specifically, the ADM index was used because it provides more direct assessment of inter-rater agreement in the metric/units of the original measurement scale (Burke and Dunlap 2002). In addition, the critical values of the ADM index take sample size into consideration, which makes this statistic superior to other alternative indices such as rWG (Wagner, Rau, and Lindemann 2010). The mean and median of the ADM index are far below the critical value of 1.11 (a conservative

estimate for the sample size of 180, please see Burke and Dunlap 2002), thereby demonstrating a very low level of disagreement between the two respondents. Therefore, it is concluded that there is a high level of agreement between the two respondents for all the subjective items in the model.

Table 4.6: The Assessment of Inter-Rater Agreement between the Two Respondents

Variables	AD _M Index ¹		
	Mean ²	Median ³	Maximum ⁴
Governmental Assistance	.356	.292	1.04
Environmental Difference	.223	.125	1.00
Competitive Intensity	.300	.250	1.00
Centralisation	.311	.286	1.00
Product Adaptation	.348	.286	1.72 (2) ⁵
Promotion Adaptation	.383	.333	1.58 (3)
Price Adaptation	.340	.300	1.30 (3)
Distribution Adaptation	.361	.300	1.40 (4)
Marketing Capabilities	.311	.300	.90
Organisational Slack	.396	.375	1.125 (1)
Competitive Advantage	.362	.333	1.33 (1)
International Performance	.286	.286	.93
Strategic Fit	.412	.400	1.80 (3)

¹The AD_M index measures dispersion of responses about the mean response. It is a measure of disagreement and a small score therefore indicates better inter-rater agreement (Burke and Dunlap 2002).

²Denotes the average AD_M index of all the items which measures the same construct

³Denotes the median AD_M index of all the items which measures the same construct

⁴Denotes the maximum AD_M index of all the items which measures the same construct

⁵The number in the brackets denotes the number of cases where the AD_M index exceeds the critical value of 1.11

The third, and final important decision concerns how to aggregate the multiple responses for further data analysis. A knowledge/expertise/confidence-based weighted mean has been strongly recommended by previous researchers, because it always performs best when compared with other alternatives such as unweighted group mean and response-data weighted mean (Bruggen, Lilien, and Kacker 2002; Wagner, Rau, and Lindemann 2010). Therefore, the multiple responses were aggregated using the knowledge-based weighted mean. Specifically, the questions were first divided into four groups, relating to information about headquarters' strategies, headquarters' performance, the foreign affiliate's strategies, and the foreign affiliate's performance, respectively. Questions about the environment were put into strategy-related groups because strategies are usually chosen according to environmental analysis. Next, the aggregated single response was calculated for each group by weighing the multiple responses based on their reported knowledgeability. The formula is adapted from Bruggen, Lilien, and Kacker (2002), as follows:

$$WKMEAN_{xi} = \sum_{j=1}^{n_i} \left[\frac{KNOW_{xij}^{\alpha}}{\sum_{j=1}^{n_i} KNOW_{xij}^{\alpha}} \times X_{ij} \right]$$

where $WKMEAN_{xi}$ denotes the value of variable X for group i in which informant j 's response is weighted by his or her knowledgeability $KNOW_{xij}$,

n_i = number of informants in group i ,

X_{ij} = the response for the value of variable X by informant j in group i , and

α = a parameter which allows the researcher to manipulate the weight assigned to responses from more knowledgeable informants (in this study α was set as the reference value of 1).

4.11 ENDOGENEITY

Researchers have shown increasing concerns about the issue of endogeneity in non-experimental research design, considering it as the main threat to the consistency of estimations (Antonakis et al. 2010). Endogeneity arises when a regressor (X) is correlated with the error term (u), violating one important assumption of linear regression (i.e. $E(u|X) = 0$) (Baum 2006). For research on strategic decisions and performance, an important source of endogeneity is self-selection (Brouthers, Brouthers, and Werner 2003; Hamilton and Nickerson 2003; Hult et al. 2008; Iyengar and Zampelli 2009; Reeb, Sakakibara, and Mahmood 2012; Shaver 1998). Instead of randomly choosing strategies, firms usually self-select the most favourable strategies partly based on unobservable competitive/comparative advantages (Iyengar and Zampelli 2009; Shaver 1998), which per se may also be a predictor of superior performance. In other words, the unobserved comparative advantage is an omitted variable which influences both the strategic choice and the subsequent performance.

Ignoring the self-selection effect may lead to misleading results and conclusions (He, Brouthers, and Filatotchev 2013; Shaver 1998), because it confounds the true influence of a chosen strategy on performance (Iyengar and Zampelli 2009; Shaver 1998). In this study, the issue of endogeneity caused by self-selection should also be addressed because

two hypotheses (i.e. H6 and H12) involve the relationship between strategic choice (i.e. marketing standardisation-adaptation in H6 and strategic fit in H12) and performance. The reason is that, a more standardised/adapted strategy or a fit strategy may be self-selected by firms due to some unobservable advantages such as superior human capital, which also contributes to their superior performance. The specific procedures adopted to deal with self-selection correction are discussed in more detail in section 5.5.2.

4.12 SUMMARY

This chapter presented the discussion about the research design strategy and data collection methods for the subsequent hypotheses testing. Specifically, it has considered the major issues and decisions regarding general research design strategies, research methods for data collection, the development and revision of the questionnaire, the administration of the survey, the profile of the sample, the assessment of non-response bias, and common method bias. The next chapter deals with the data analysis and hypotheses test issues.

CHAPTER 5: DATA ANALYSIS AND RESULTS

This chapter focuses on the research findings of the main study. Firstly, the data is examined in respect of the missing values, outliers, and violation of assumptions, in order to prepare it for analysis. Secondly, factor analysis is conducted to estimate measurement models. Thirdly, the correspondence of these models to the data is establishing by testing the scales' reliabilities and revising the model to improve fit. Fourthly, Structural Equation Modelling (SEM) is performed to test the two hypothesised models respectively. The chapter concludes with the presentation of the models which summarise all the tested relationships.

5.1 EXAMINING THE DATA

Before proceeding to conduct multivariate data analysis, the data must be carefully examined (Hair et al. 2010), the main reason being that many of the analytic procedures/statistical methods researchers use were designed for the ideal dataset (Graham 2009). That implies that the data are complete, without outliers, and conforming to all the assumptions. Therefore, in order to make any statistical inference based on these statistical methods, it is essential to check the dataset for missing values, outliers and violation of assumptions (Hair et al. 2010), otherwise, the parameter estimates obtained may be biased and not trustworthy in terms of their sizes and

directions (Aguinis, Gottfredson, and Joo 2013; Brown 2006; Graham 2009; Hair et al. 2010).

5.1.1 Missing Data

A four-step process, which is suggested by Hair et al. (2010), for identifying missing data and applying remedies has been followed in this study.

Step 1: Determine the type of missing data. Because of the extensive efforts to repeatedly remind respondents, the dataset have very few missing values. However, where there are missing values, some of them relate to the sensitive nature of the questions, such as for example, those relating to profitability, while others are simply due to failure to complete the questionnaire or the sensitive nature of the questions such as profitability. In any case, these cannot be ignored (Hair et al. 2010).

Step 2: Determine the extent of missing data. Throughout the 360 questionnaires, on average 2.2% of the whole data is missing, with a highest missing rate of 16.1% for objective performance data. Table 5.1 presents a descriptive report of the percentages of missing data for each variable.

Table 5.1: Descriptive Statistics of Missing Data

Variables	Missing Values	
	<i>Number</i>	<i>Per cent (%)</i>
Year of Headquarters' Establishment	2	.6%
Year of Starting Foreign Business	2	.6%
Product Type for the Foreign Affiliate	2	.6%
Stage of Product Life Cycle	3	.8%
Governmental Assistance	6	1.7%
Environmental Difference	5	1.4%
Competitive Intensity	6	1.7%
Centralisation	6	1.7%
Firm Experience	2	.6%
Degree of Internationalisation	2	.6%
Firm Size (Sales Amount)	2	.6%
Firm Size (No. of Employees)	2	.6%
Product Adaptation	7	1.9%
Promotion Adaptation	8	2.2%
Price Adaptation	7	1.9%
Distribution Adaptation	7	1.9%
Marketing Capabilities	11	3.1%
Competitive Advantage	6	1.7%
Organisational Slack	6	1.7%
Subjective International Performance (Satisfaction)	7	1.9%
Objective International Performance (Profitability)	59	16.1%
Strategic Fit	22	6.1%
<i>Sum</i>	<i>180</i>	<i>2.2%</i>

As a rule of thumb, missing data under 10% can generally be ignored and can be replaced with any of the imputation methods, if the missing data occurs in a random fashion (Hair et al. 2010). In this study, all the variables except for the objective

international performance (profitability) have missing data under 10%. This indicates the need for the next step.

Step 3: Analyse the randomness of missing data. This step is to test whether the missing data are really MCAR (Missing Completely At Random). Little (1988) developed a test for examining MCAR which has been generally accepted and can easily be performed using software (Schafer and Graham 2002). For this study, SPSS 20 was used in this respect, the results being as follows: Chi-Square = 3110.78, DF = 3073, and $p = .313$. The null hypothesis for Little's MCAR test is that the data are missing completely at random (MCAR). The non-significant Chi-Square result ($p = .313$) indicates that the data are indeed missing in a random fashion. Therefore, any of the imputation methods which are based on MCAR/MAR assumptions, such as listwise deletion and single imputation, can be used (Arbuckle 2011b; Hair et al. 2010).

Step 4: Select imputation method. As described in Chapter 4, this study employed multiple respondents to answer the questionnaire and the inter-rater agreement is very high (the average AD_M index is below .5, see Chapter 4). In this case, it is reasonable to replace the missing value with the response from the other respondents (if available). Therefore, this single imputation method was first used for the missing values, and thereafter, the majority (around 70%) of the missing data was replaced. The EM (Expectation-Maximisation) algorithm was used to replace all the remaining missing values (excluding profitability), because it is based on MLE (Maximum Likelihood Estimation) and, therefore, superior to other estimation methods (Little and Rubin 1987; Schafer and Graham 2002). The completed data was saved as the dataset for further data analysis.

Notably, as the objective performance (profitability) had a high missing rate (over 15%), this variable was dropped based on the rule of thumb (Hair et al. 2010).

5.1.2 Outliers

A recent review shows that there is a high level of inconsistency regarding how outliers are defined, identified, and handled in various methodological sources (Aguinis, Gottfredson, and Joo 2013). Consequently, the study followed the 'Decision-making Tree' of Aguinis, Gottfredson, and Joo (2013) and made judgement calls accordingly.

There are three outliers: error outliers, interesting outliers, and influential outliers (Aguinis, Gottfredson, and Joo 2013). Error outliers refer to non-legitimate observations caused by outlying ranges of values, errors in coding, recoding, data imputation, and so on (Orr, Sackett, and Dubois 1991; Tabachnick and Fidell 2007). The online questionnaire survey allows the range of values and the format of the response to be set, and therefore, there were not error outliers in the data collection process. With the help of boxplot, all the data coding, data entry, and data imputation were carefully double- and triple- checked, and after several rounds of examination all the error outliers in the dataset were eliminated.

Regarding the other types of outliers (e.g. interesting outliers, and influential outliers), only 14 cases were identified by the SPSS boxplot to have potential outliers, referring to extreme outliers whose values were more than three times the interquartile range from

the rest of the scores (Norman and Streiner 2008; Pallant 2007). At that point, the researcher returned to the original data and checked again for any mistakes such as in data entry but no obvious issues were identified. Short telephone interviews were then conducted randomly with five respondents whose responses were potential outliers. As a result of these interviews, all of these respondents re-confirmed their responses and provided more background information. Accordingly, it was believed that these extreme responses were not interesting outliers and did not need to be analysed separately. Nor were the cases removed because they represented real data. Finally, at subsequent stages of data analysis, these potential outliers were re-examined once more to decide whether they might be categorised as influential outliers, whose presence might alter either the model fit or the parameter estimates (Aguinis, Gottfredson, and Joo 2013). However, the comparison results did not identify any influential outliers.

5.1.3 Testing the Assumptions of Multivariate analysis

After checking the missing data and outliers, four important assumptions need to be tested before conducting multivariate analysis such as factor analysis, path analysis, and structural equation modelling (Brown 2006; Hair et al. 2010). The four assumptions were, therefore, assessed one by one, and as suggested by Berry (1993), the assumption of no perfect multi-collinearity among independent variables, was also examined. These five assumptions are now detailed.

Normality. This assumption is that the distribution of an individual metric variable follows a normal/Gaussian distribution (De Vaus 2002; Hair et al. 2010). Multivariate methods assume both univariate normality and multivariate normality. Univariate

normality was tested first, because it is a necessary (although not sufficient) condition for multivariate normality to guarantee univariate normality and the opposite is not true (Byrne 2009; De Vaus 2002). SPSS 20 was used to test individual normality and the results are shown in Table 5.2. At a later stage, Amos 20 was used to assess the multivariate normality of each group factor analysis.

Table 5.2: Descriptive Statistics for Univariate Normality Test

Variable	Statistic			
	Mean	Std. Deviation	Skewness	Kurtosis
Governmental Assistance1	2.80	1.17	.097	-.724
Governmental Assistance2	2.73	.99	.221	-.559
Governmental Assistance3	2.92	.97	-.219	-.134
Governmental Assistance4	3.24	1.24	.065	-1.015
Governmental Assistance5	3.23	1.25	-.038	-1.015
Environmental Difference1	3.40	1.28	-.268	-1.081
Environmental Difference2	3.76	1.29	-.627	-.829
Environmental Difference3	3.68	1.34	-.558	-1.000
Environmental Difference4	3.51	1.33	-.355	-1.147
Competitive Intensity1	2.93	.70	.395	1.752
Competitive Intensity2	3.05	.99	.251	-.160
Competitive Intensity3	2.94	1.03	.296	-.701
Competitive Intensity4	3.39	1.11	-.361	-.608
Competitive Intensity5	3.34	.82	-.085	-.046
Centralisation1	3.59	1.09	-.589	-.506
Centralisation2	3.62	1.12	-.566	-.525
Centralisation3	4.01	1.08	-1.089	.697
Centralisation4	3.66	1.05	-.418	-.571
Centralisation5	3.82	1.16	-.573	-.616
Centralisation6	3.50	1.22	-.326	-.833
Centralisation7	3.41	1.05	-.435	-.011
Price Adaptation1	3.13	1.25	.188	-1.309
Price Adaptation2	3.24	1.13	-.222	-.774
Price Adaptation3	3.31	1.05	-.303	-.192
Price Adaptation4	2.97	1.12	.090	-.962
Price Adaptation5	2.54	.99	.790	.116

Table 5.2: Descriptive Statistics for Univariate Normality Test (Continued)

Variable	Statistic			
	Mean	Std. Deviation	Skewness	Kurtosis
Product Adaptation1	2.68	1.11	.392	-.770
Product Adaptation2	2.68	1.18	.390	-.773
Product Adaptation3	2.74	1.03	.159	-.155
Product Adaptation4	2.82	1.10	-.036	-.767
Product Adaptation5	3.11	1.25	-.306	-1.008
Product Adaptation6	2.74	1.31	.513	-.993
Promotion Adaptation1	3.01	.99	.119	.062
Promotion Adaptation2	2.83	1.25	.042	-1.151
Promotion Adaptation3	2.83	1.15	-.083	-.719
Promotion Adaptation4	2.95	1.15	-.188	-.718
Promotion Adaptation5	2.58	1.22	.212	-.982
Promotion Adaptation6	2.68	1.32	.003	-1.374
Distribution Adaptation1	2.77	1.05	.231	-.758
Distribution Adaptation2	2.69	1.05	.158	-.761
Distribution Adaptation3	2.92	1.02	-.088	-.187
Distribution Adaptation4	2.94	1.05	.123	-.299
Distribution Adaptation5	2.73	.96	.228	-.060
Marketing Capabilities1	3.37	.83	.090	.325
Marketing Capabilities2	3.40	1.01	-.051	-.875
Marketing Capabilities3	3.29	.98	-.064	-.143
Marketing Capabilities4	3.82	.86	-.642	-.049
Marketing Capabilities5	3.60	.82	-.514	.048
Marketing Capabilities6	3.44	.93	-.476	-.235
Marketing Capabilities7	3.68	.77	-.706	.603
Marketing Capabilities8	3.56	.94	.153	-.731
Competitive Advantage1	2.78	1.00	.890	-.286
Competitive Advantage2	3.52	.92	-.509	-.771
Competitive Advantage3	3.58	1.17	-.204	-1.206
Competitive Advantage4	3.26	1.05	.155	-.579
Competitive Advantage5	3.42	.94	-.432	.517
Competitive Advantage6	3.51	1.03	-.215	-.894

Table 5.2: Descriptive Statistics for Univariate Normality Test (Continued)

Variable	Statistic			
	Mean	Std. Deviation	Skewness	Kurtosis
International Performance1	3.43	.91	-.189	-.050
International Performance2	3.51	.96	-.070	-.605
International Performance3	3.39	1.05	-.260	-.644
International Performance4	3.50	1.05	-.382	-.269
Organisational Slack1	3.77	.985	-.415	-.519
Organisational Slack2	3.46	.988	-.154	-.319
Organisational Slack3	3.79	.969	-.348	-.693
Organisational Slack4	4.00	.986	-.601	-.593
Strategic Fit1	3.68	1.10	-.554	-.461
Strategic Fit2	3.69	1.03	-.472	-.416
Strategic Fit3	3.76	1.07	-.590	-.250
Strategic Fit4	3.79	1.01	-.707	.132
Strategic Fit5	3.87	.980	-.927	.820
Maximum (ABS)	-	-	1.089	1.752

The absolute value of skewness for all individual items ranges from .003 to 1.089, and the absolute value of kurtosis for all individual items ranges from .011 to 1.752, as is shown in Table 5.2. Based on the rule of thumb that the skewness and kurtosis values should fall within an absolute value of 2 to be considered as normal, the sample data do not depart in any large way from normality (Lomax 2007).

Homoscedasticity. Homoscedasticity assumes that dependent variable(s) exhibit equal levels of variance across all levels of predictor variable(s) (Kline 2010). For two metric variables, the best way to test for homoscedasticity is to do it graphically (Hair et al. 2010). Hence, the study followed Field (2009) and generated the residual scatterplot by

regressing the standardised residuals onto the standardised predicted value. The results are shown in Figure 5.1, where it can be seen clearly that the data do not violate the assumption of homoscedasticity because the dots spread out evenly over the graph (i.e. do not look like a funnel) (Field 2009). In addition, for non-metric independent variables, Levene's test was used to assess the equality of variance. The results in Table 5.3 also indicate that the assumption of homoscedasticity was met except for two variables, namely, product adaptation and promotion adaptation, neither of which have equal variance on the stage of the PLC. However, stage of the PLC in the study is treated only as a control variable and not an independent variable. Hence, it is concluded that overall, the dependent variables exhibit an equal level of variance across the range of predictor variables.

Figure 5.1: Tests for Homoscedasticity

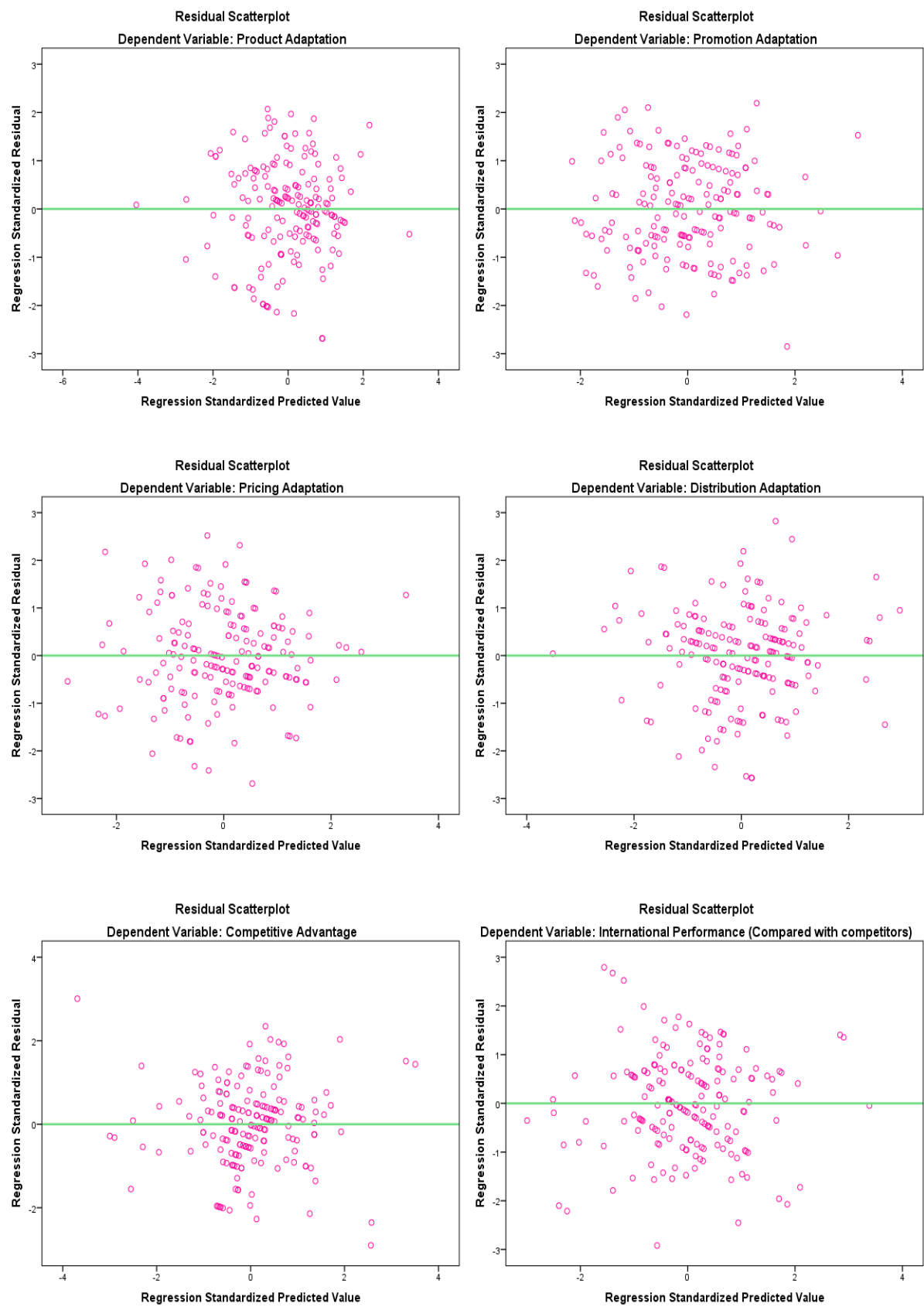


Table 5.3: Levene's Test for the Equality of the Variance

Dependent Variable	Non-metric/Categorical Variable (Control Variable)					
	<i>Product Type</i>		<i>Stage of the PLC</i>		<i>Firm Size</i>	
	<i>Levene's Statistic</i>	<i>Sig.</i>	<i>Levene's Statistic</i>	<i>Sig.</i>	<i>Levene's Statistic</i>	<i>Sig.</i>
Product Adaptation	.882	.476	3.593	.015	.401	.954
Promotion Adaptation	.467	.760	3.581	.015	.901	.540
Price Adaptation	.054	.995	1.589	.194	1.331	.221
Distribution Adaptation	.929	.448	1.486	.220	.738	.700

Linearity. All multivariate techniques which are based on correlational measures of association (such as factor analysis, regression, and structural equation modelling) assume linearity (Hair et al. 2010). Linearity refers to the assumption that the mean values of the outcome variable for each increment of the predictor(s) lie along a straight line (Field 2009). The residual scatterplot, as shown in Figure 5.1, can also be used to detect the non-linearity (Hair et al. 2010). If the dots do not have a pattern to them (i.e. a curved shape) then the assumption of linearity is met (Field 2009). It is, therefore, concluded that our data do not violate the assumption of linearity.

Absence of Correlated Errors/Independent errors. This assumption indicates that any prediction errors are uncorrelated with each other (Hair et al. 2010), and it can be tested with the Durbin–Watson test, which tests for serial correlations between errors (Field 2009). The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Durbin and Watson 1951). A conservative rule of thumb is that, if the d value of the Durbin–Watson test is less than 1 or greater than 3, the assumption of independent errors is considered to be severely violated (Field 2009). The results of the Durbin-Watson test in Table 5.4 show that the d values range from 1.489 to

2.140, which are not far from the value of 2. Therefore, it is concluded that our data do not severely violate the assumption of independent errors.

Table 5.4: Durbin-Watson Test for Independent Errors

Dependent Variable	Durbin-Watson (<i>d</i>)
Product Adaptation	1.838
Promotion Adaptation	1.612
Price Adaptation	1.489
Distribution Adaptation	2.140
Competitive Advantage	1.958
International Performance	1.600

No Perfect Multi-collinearity. In addition to the above four assumptions suggested by Hair et al. (2010), it is also important to check the assumption of no perfect multi-collinearity (Berry 1993), which means there should be no perfect linear relationship between two or more of the predictors (Field 2009). This assumption can be checked based on the most commonly used collinearity diagnostics- VIF (Variance Inflation Factor). As a rule of thumb, multi-collinearity may not be a serious issue if the VIF does not exceed 10 (Myers 1986) or 4 (O'Brien 2007). The results for the two models in Table 5.5 show that the VIFs range from 1.022 to 2.134, which are well below the thresholds of 4 or 10. It is, therefore, concluded that multi-collinearity of the independent variables in the study's models is not an issue of concern.

Table 5.5: Statistical Tests for Multi-Collinearity

Independent/Control Variable (ES Model)	VIF	Independent/Control Variable (SPS Model)	VIF
Governmental Assistance	1.022	Product Adaptation	1.980
Environmental Difference	1.041	Promotion Adaptation	1.626
Competitive Intensity	1.039	Price Adaptation	1.595
Centralisation	1.027	Distribution Adaptation	2.134
Degree of Internationalisation	1.048	Marketing Capabilities	1.281
Firm Size	1.192	Competitive Advantage	1.261
Firm Experience	1.128	Organisational Slack	1.119
Product Type	1.117	Strategic Fit	1.126
Stage of the PLC	1.057	Firm Size	1.184
		Firm Age	1.049

In summary, after examining the data for missing values, and outliers, and after testing the five assumptions of normality, homoscedasticity, linearity, independent errors, and no perfect multi-collinearity, the researcher was sufficiently confident to proceed to conduct factor analysis for the measurement models without further data transformation.

5.2 CONFIRMATORY FACTOR ANALYSIS

After checking the data, it was appropriate to undertake the factor analysis to finalise the measurement models. The most commonly used factor extraction models for estimating multiple-item measurement models can be categorised as either common factor models

or components models (Brown 2006; Conway and Huffcutt 2003; Gorsuch 1990). Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) are the two main types of analyses which are based on the common factor model (Brown 2006; Jöreskog 1969; Jöreskog 1971), whereas Principle Component Analysis (PCA) is the most popular components model (Conway and Huffcutt 2003). First of all, in this study, common factor models instead of component models were adopted because the primary goal was to identify latent variables that interpret the structure of correlations among measured variables, instead of pure data reduction (Conway and Huffcutt 2003; Fabrigar et al. 1999).

Further, for all the constructs in the hypothesised models, there are either strong theoretical bases or pre-existing empirical foundations that enable the specification of their measurement models. In this case, CFA is a better approach than EFA, whose major role is in developing new scales (Brown 2006; Conway and Huffcutt 2003; Fabrigar et al. 1999). Hence, CFA was used to estimate the measurement models.

Because of the large number of constructs and measurement items included in the study, the constructs were split into three CFA sub-models by forming groups of the most similar constructs and thereby providing more conservative estimation (Kohli and Jaworski 1994). This approach enabled the researcher to achieve an adequate ratio of sample size to the number of free parameters, which Bentler and Chou (1987) indicate should be at least five to one. Specifically, the first group consists of constructs about the environment: governmental support, environmental difference, competitive intensity, and centralisation; the second group includes constructs on marketing strategies: product adaptation, promotion adaptation, price adaptation, and distribution adaptation. The

third group involves four variables: competitive advantage, marketing capabilities, strategic fit, and international performance.

The measurement model was tested using AMOS 20 (Arbuckle 2011a). One thing is worth noting here: although the data meet the assumption of univariate normality (see Table 5.2), the multivariate normality test suggested that the data fail to meet the multivariate normality; specifically, Mardia's coefficient of multivariate kurtosis = 36.46, 41.47, 35.36, and critical ratio = 8.24, 10.37, 7.63 for CFA Group 1, CFA Group 2, and CFA Group 3, respectively. This shows that the data depart slightly from multivariate normality because all the critical ratios exceed the threshold value of 7 (Bentler 2006; Byrne 2009). Therefore, the bootstrapping approach rather than Maximum Likelihood (ML) estimation was used, as this approach does not require a distributional assumption (Arbuckle 2011a). In this case, the corresponding overall model fit index is Bollen-Stine corrected *p*-Value (Bollen and Stine 1992), rather than the usual maximum likelihood-based *p*-value and other indices such as goodness-of-fit index (GFI), Comparative Fit Index (CFI), and root-mean-square error of approximation (RMSEA). Despite this, the GFI, CFI, and RMSEA are still reported in Table 5.6.

The Bollen-Stine bootstrap tests the null hypothesis that the default model is correct and the *p*-Value in this study is obtained for 2,000 bootstrap samples to ensure its stability (Arbuckle 2011a). In this case, if the *p*-Value for Bollen-Stine bootstrap tests is larger than .05, using a conventional significance level of .05, it can be concluded that the model fits the data well and therefore, should not be rejected. The bootstrap Mean and SE columns were used to compute critical ratio values based on the bootstrap results (Arbuckle 2011a). Table 5.6 displays the results obtained from the estimation of the CFA

models. The p -value for Bollen-Stine bootstrap tests is .393, .056, and .323 for CFA group 1, group 2, and group 3, respectively. It is possible to conclude that all the three CFA models fit the data well, because all the three p -values are above .05.

Table 5.6: Confirmatory Factor Analysis and Construct Reliability

Construct Group 1	Standardised Loadings	t-Value
Governmental Assistance ($\alpha^1 = .92$; $CR^2 = .91$; $AVE^3 = .68$)		
<i>1. Education-/ Training-Related Programme:</i>		
(1) Training programmes on overseas investment	.895	14.672
(2) Provision of counselling advice on FDI business	.897	14.238
(3) Organisation of FDI seminars/conferences	.826	7.375
<i>2. Trade Mobility-Related Programmes:</i>		
(1) Assistance in participating in international investment and trade fair/trade show/exhibition	.784	8.430
(2) Trade support by the Chinese institute abroad	.710	6.455
Environmental Difference ($\alpha = .88$; $CR = .87$; $AVE = .64$)		
1. General environment (e.g. economic, industrial, technical, communication/marketing infrastructure environment)	.774	5.864
2. Political/legal environment	.756	5.684
3. Per capita income	.943	7.425
4. Purchasing power of customers	.704	5.587
Competitive Intensity ($\alpha = .90$; $CR = .90$; $AVE = .65$)		
1. Pace of new competitive moves in this product /service area	.702	6.686
2. Frequency of promotion wars in this industry	.890	16.182
3. Frequency of new product /service introductions by competitors	.823	11.757
4. Extent of price competition	.854	14.475
5. Extent of overall competition in the industry	.749	7.066
Centralisation ($\alpha = .92$; $CR = .92$; $AVE = .66$)		
1. Product design	.769	6.687
2. Brand name	.733	6.915
3. Package design	.939	29.344
4. Pricing	.963	34.393
5. Distribution	.725	5.709
6. Sales force management	.711	5.925
7. Sales promotion ⁴		
Firm Experience ($\alpha = .84$; $CR = .87$; $AVE = .76$)		
1. Number of years operating in international markets	.834	8.424
2. Number of years operating in the specific foreign market	.897	13.591
Model Fit Indices: (GFI= .911; CFI= .964; RMSEA= .048)²		
Bollen-Stine bootstrap $p = .393$		

² Please note that these fit indices are not as precise as the Bollen-Stine bootstrap p -Value due to the violation of multivariate normality.

Table 5.6: Confirmatory Factor Analysis and Construct Reliability (Continued)

Construct Group 2	Standardised Loadings	t-Value
Product Adaptation ($\alpha^1 = .93$; $CR^2 = .92$; $AVE^3 = .70$)		
1. Product/service quality ⁴		
2. Product/service design and style	.821	10.136
3. Product/service packaging	.892	14.159
4. Product/service labelling	.929	29.031
5. Brand name	.878	14.881
6. Pre- and after-sales service	.624	5.474
Promotion Adaptation ($\alpha = .91$; $CR = .90$; $AVE = .69$)		
1. Budget for promotion ⁴		
2. Advertising theme	.826	9.833
3. Media allocation	.778	8.549
4. Sales promotion ⁴		
5. Public relations activities	.947	16.051
6. Personal selling techniques	.771	6.763
Price Adaptation ($\alpha = .97$; $CR = .96$; $AVE = .87$)		
1. Selling price to end-users	.872	18.957
2. Selling price to trade customers	.970	57.059
3. Profit margins to trade customers	.977	88.818
4. Profit margins to end-users	.897	20.860
5. Sales/credit terms ⁴		
Distribution Adaptation ($\alpha = .94$; $CR = .94$; $AVE = .75$)		
1. Control over distribution channels	.862	13.683
2. Type of middlemen used	.912	18.612
3. Distribution coverage	.911	23.974
4. Inventory control	.899	20.907
5. Order processing systems	.730	8.690
Model Fit Indices: (GFI= .903; CFI= .951; RMSEA= .072)		
Bollen-Stine bootstrap p = .056		

Table 5.6: Confirmatory Factor Analysis and Construct Reliability (Continued)

Construct Group 3	Standardised Loadings	t-Value
Competitive Advantage ($\alpha^1 = .90$; $CR^2 = .91$; $AVE^3 = .71$)		
1. Product differentiation ⁴		
2. Price	.601	4.387
3. Distribution	.902	20.500
4. Promotion or communication	.947	27.057
5. Human resources	.877	18.660
6. Costs ⁴		
Marketing Capabilities ($\alpha = .95$; $CR = .95$; $AVE = .75$)		
1. Advertising and promotion	.670	6.036
2. Pricing ⁴		
3. Distribution	.923	27.147
4. New product/service development	.857	10.987
5. Environmental scanning	.859	15.907
6. Market planning	.913	26.086
7. Marketing skill development	.925	29.839
8. Marketing implementation	.889	14.111
Strategic Fit ($\alpha = .93$; $CR = .92$; $AVE = .70$)		
1. Understanding the strategic priorities of the headquarters	.794	5.592
2. Aligning the foreign affiliate's strategies with the strategic plan of the headquarters	.802	5.174
3. Adapting the goals/objectives of the foreign affiliate to the changing goals/objectives of the headquarters	.899	13.221
4. Maintaining a mutual understanding with headquarters management on the role of the foreign affiliate in supporting the headquarters' strategy	.865	9.830
5. Identifying the foreign affiliate-related opportunities to support the strategic direction of the headquarters	.816	8.412
International Performance ($\alpha = .90$; $CR = .90$; $AVE = .70$)		
Satisfaction with (Compared with major competitors):		
1. Sales volume	.926	21.045
2. Profitability rate	.692	5.915
3. Market share	.725	6.360
4. Overall performance	.959	20.848
Marketing-mix Adaptation ($\alpha = .81$; $CR = .90$; $AVE = .71$)		
1. Product adaptation	1	8.214
2. Promotion adaptation	.605	3.209
3. Price adaptation	.853	12.567
4. Distribution adaptation	.855	8.155

Table 5.6: Confirmatory Factor Analysis and Construct Reliability (Continued)

Construct Group 3 (Continued)	Standardised Loadings	t-Value
Organisational Slack ($\alpha = .82$; CR = .87; AVE = .70)		
1. The headquarters had been operating below engineered capacity	.650	5.242
2. The headquarters' retained earnings have been sufficient for market expansion; ⁴		
3. The headquarters had a pool of financial resources that can be used on a discretionary basis	.962	8.667
4. The headquarters was able to secure necessary bank loans.	.866	10.198
Model Fit Indices: (GFI = .903; CFI = .974; RMSEA = .037)		
Bollen-Stine bootstrap $p = .323$		

Note:

¹Cronbach's Alpha, a coefficient of internal consistency

²Composite Reliability

³Average Variance Extracted

⁴Item is excluded as a result of scale purification procedures

5.3 CONTROL VARIABLES

5.3.1 Control Variables in the ES Model

Several control variables were also included to account for alternative influences on the dependent variables in the ES Model. Specifically, firm size, firm experience, product type, and stage of the PLC were controlled in the ES Model. Following previous studies, firm size was measured by the sales amount at headquarters by the end of 2011 (Lee and Griffith 2004; Sousa, Martínez-López, and Coelho 2008). Firm experience was measured by the number of years involved in international business and the number of years operating in the identified foreign market (Dow and Larimo 2009; Myers and Harvey 2001). Product type was treated as a dummy variable where industrial products was coded as 0 and consumer products was coded as 1 (Cavusgil, Zou, and Naidu 1993; Lee and Griffith 2004). Stage of the PLC was divided into four stages: introduction stage, growth stage, maturity stage, and decline stage (Anderson and Zeithaml 1984). It was treated as a categorical variable where the introduction stage was coded as 1, growth stage was coded as 2, maturity stage was coded as 3, and decline stage was coded as 4 (Ryans 1988).

Firm size and firm experience are relevant based on previous theories and research findings. Firstly, the synthesis of SCP paradigm and RBV suggests that a firm's strategic marketing choice is influenced by the unique bundle of resources and capabilities available (Hultman, Robson, and Katsikeas 2009; Morgan, Kaleka, and Katsikeas 2004). Firm size usually is regarded as an indicator of scale resources, financial

resources, physical resources, etc. (Aaby and Slater 1989; Moen 1999). Regarding the direction of the relationship between firm size and marketing standardisation, there are two competing explanations. On the one hand, large firms, with more resources, can afford and are more willing to design an adapted (versus standardised) marketing strategy, which is more costly but could better meet the demands of local customers (Shoham 1996a; Waheeduzzaman and Dube 2004). On the other hand, large firms may prefer a more standardised international marketing strategy, mainly because a standardised strategy has the greater advantages of economies-of-scale and operational efficiency (Shoham 2003). In addition, large firms' structural inflexibility prohibits them from efficiently adapting their marketing strategy (Schilke, Reimann, and Thomas 2009). Therefore, on either side firm size is likely to impact upon a firm's choice of marketing standardisation/adaptation. Secondly, previous studies have shown that firm size was related to firms' international marketing standardisation, either positively (Okazaki, Taylor, and Zou 2006; Schilke, Reimann, and Thomas 2009) or negatively (Lee and Griffith 2004; Nakos, Brouthers, and Brouthers 1998).

Firm experience is also considered to be an important resource/capability for international firms and could influence the choice of marketing strategy (Morgan, Kaleka, and Katsikeas 2004). Firms with more international experience usually prefer an adapted marketing strategy, as they have better knowledge of foreign markets (Wong and Merrilees 2008), and are more motivated to consider different strategies (Lages, Jap, and Griffith 2008). Previous studies also report a positive association between firm experience and the degree of international marketing adaptation strategy (Myers 1999; Wong and Merrilees 2008). Overall, the majority of the empirical studies have reported a negative relationship between firm experience and international marketing

standardisation (Tan and Sousa Forthcoming).

Product type is suggested to have some impact on a firm's decision on international marketing standardisation/adaptation (Lee and Griffith 2004). Many previous studies have examined international marketing strategies based on different product types (Chung 2007) because customers who purchase different types of products may have different requirements and preferences in product design, price, distribution, and communication (Grosse and Zinn 1990). Products are generally classified as consumer products and industrial products (Cavusgil, Zou, and Naidu 1993; Lee and Griffith 2004). Consumer products are more likely to link with an adapted international marketing strategy because consumers' tastes are more diversified in product selection (Cavusgil, Zou, and Naidu 1993; Grosse and Zinn 1990). Industrial products are more connected with a standardised international marketing strategy due to a more standardised market need and the benefit of economies of scale (Grosse and Zinn 1990). In addition, prior studies also report a positive association between consumer products and the degree of marketing adaption (Cavusgil, Zou, and Naidu 1993; Chung 2007; Lee and Griffith 2004).

Stage of the PLC is another variable which is likely to affect a firm's business/marketing strategy (Anderson and Zeithaml 1984), due to the different characteristics regarding market demand, competitive intensity, operation risk, sales amount, growth rate, profitability, etc. at each stage of the product life cycle (Day 1981; Kotler and Armstrong 2010; Ryans 1988). More specifically, existing studies suggest that firms should consider adapting their marketing strategies (e.g. via product innovation and price adjustment) when they are in a late stage of the PLC (e.g. mature)

(Anderson and Zeithaml 1984; Hofer 1975), given the more intensive competition and customers' demand for diversity (Kotler and Armstrong 2010). An empirical study also reported a positive correlation between the stage of the PLC and product modification in the international market (Ryans 1988).

5.3.2 Control Variables in the SPS Model

In the SPS Model (Strategy-Performance-Strategy Model), several control variables were also included in order to rule out the possibility that observed relationships of interest were due to the presence of these control variables, thereby leading to more accurate conclusions (Spector and Brannick 2011). Specifically, firm size, firm age, and organisation slack were included for control purposes, because these variables are frequently suggested to have an influence on exit decisions (see Appendix 1). Based on prior studies, firm size was measured by the sales amount at headquarters by the end of 2011 (Lee and Griffith 2004; Sousa, Martínez-López, and Coelho 2008). Firm age was measured by the years since the time of entry to the time of exiting from the foreign market (or to 2011 if it was still in operation) (Chang and Singh 1999; Gimeno et al. 1997). Organisational slack was measured by asking respondents to rate four questions on a validated 5-point Likert scale (Tan and Peng (2003), anchored by '1-Strongly disagree', '3-Neither agree nor disagree', and '5-Strongly agree' (see Table 4.1): (1) the headquarters had been operating below engineered capacity (2) the headquarters' retained earnings have been sufficient for market expansion; (3) the headquarters had a pool of financial resources that can be used on a discretionary basis; and (4) the headquarters was able to secure necessary bank loans.

Firm size and firm age were included because they are the most frequently studied variables (other than international performance) which might have an impact on the exit decision, as demonstrated in the literature review. Firm size is generally regarded as an indicator of resources (Calof 1994). Larger firms are more likely to experience higher survival (Mata and Portugal 2002), because they have more resources to support strategy which could better meet local demand and compete favourably against their rivals (Moen 1999). In addition, larger firms should have a higher capacity to bear difficult business periods, as they have more resources available (Dewaelheyns and Van Hulle 2006). They are also more able to bounce back and regain success in the market. Therefore, large firms are suggested to be less likely to make an exit decision. Some empirical studies have found a negative relationship between firm size and the likelihood of exit (e.g. Geroski, Mata, and Portugal 2010; Lieberman 1990).

Firm age is generally regarded as a proxy for a bundle of accumulated characteristics such as experience and knowledge (Vorhies, Orr, and Bush 2011). Older firms are more knowledgeable and experienced in preventing an exit because of the learning curve they have undergone (Frazer 2005; Hannan and Freeman 1984). On the other hand, younger firms face a higher risk of failure due to the liability of newness (Bruton and Rubanik 2002; Cefis and Marsili 2005; Freeman, Carroll, and Hannan 1983). In this case, younger firms are more likely to exit from the market. Some empirical studies support a negative relationship between firm age and the likelihood of exit (e.g. Frazer 2005; Klepper and Thompson 2006).

Organisational slack was included because of its general influence on decision-making

(Bourgeois 1981; Singh 1986). Organisational slack is usually regarded as a buffer between organisations and external contingencies (Cheng and Kesner 1997) and serves to absorb the fluctuations in the environment (Singh 1986). When a foreign affiliate yields poor performance, the presence of slack resources allows it to remain in the market and/or helps it to withstand the adverse situations (Cheng and Kesner 1997). In addition, managers are more willing to accept less-than-optimal performance when there is organisational slack, because they can use this slack to improve performance without incurring any additional costs (McKee, Varadarajan, and Pride 1989). In this case, with the presence of organisational slack, a foreign affiliate is less likely to exit from the market.

5.4 VALIDITY AND RELIABILITY ASSESSMENT

Convergent validity refers to the extent to which different measurements reflect the same underlying construct (i.e. internally consistent) (Brown 2006; Campbell and Fiske 1959; Churchill 1979; Pennings and Smidts 2000). Convergent validity is usually assessed by the magnitude and significance of factor loadings (Anderson and Gerbing 1988; Bagozzi and Yi 2012). The literature recommends that each standardised factor loading should be above .6 or .7 (Bagozzi and Yi 1988; Bagozzi and Yi 2012), and that all the factor loadings should be statistically significant (Anderson and Gerbing 1988). The results in Table 5.6 show that all the standardised factor loadings are above .6. In addition, all the factor loadings are significant at the .05 level. Therefore, it is concluded that all the estimated constructs exhibit convergent validity.

Discriminant validity refers to the degree to which measures of one construct are divergent from measures of a related, but conceptually distinct, construct (Pennings and Smidts 2000). In other words, it tests whether concepts or measurements that are supposed to be unrelated are, in fact, unrelated. Discriminant validity can be assessed by Average Variance Extracted (AVE), which is defined as “the amount of variance that is captured by the construct in relation to the amount of variance due to measurement error” (Fornell and Larcker 1981, p.45). As a general rule, the AVE scores should exceed .5 (Bagozzi and Yi 1988). In addition, the AVE should be greater than the square of the correlation between the factors making up each pair (Fornell and Larcker 1981). Stated differently, a scale has discriminant validity if the square root of the AVE by the underlying factor is larger than the correlation between the factors making up each pair (Leonidou, Palihawadana, and Theodosiou 2011). As is shown in Table 5.6, the AVE scores range from .64 to .87, well above the threshold value of .50. Moreover, as can be seen from the correlation matrices in Tables 5.7 and 5.8, each diagonal value (i.e. the square root of the AVE value) is greater than the correlation coefficients between the possible pairs of the factors. Therefore, it is concluded that the constructs exhibit good discriminant validity.

Reliability can be defined conceptually as the correlation between a measure and itself (Peter 1981). Reliability is the ‘consistency’ or ‘repeatability’ of construct measures. Three types of reliability, these being individual item reliability, reliability for the composite of measures of a latent variable, and the AVE, can be formally examined (Bagozzi and Yi 1988). As a rule of thumb, Cronbach’s alpha coefficient and composite reliability score should exceed .7, and the AVE should be greater than .5 (Bagozzi and Yi

2012). Therefore, the Cronbach's alpha coefficient, composite reliability score, and AVE for each construct in the models were estimated. The results in Table 5.6 show that all the three types of reliability have scores well above the threshold value, indicating a high reliability.

Please note that during the CFA purification process, six items were dropped because of the low factor loadings. After comparing the dropped items with their original conceptual definition (Wathne and Heide 2004), it emerged that their exclusion did not affect the conceptual domain of the underlying constructs.

Table 5.7: Correlation Matrix for Constructs in the ES Model

Constructs	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Governmental Assistance	.830 ¹												
2. Environmental Difference	.080	.812											
3. Competitive Intensity	.044	-.092	.812										
4. Centralisation	-.106	.026	.146	.819									
5. Degree of Internationalisation	-.033	.201 ^{***}	.105	.096	1								
6. <i>Firm Experience</i> ²	.094	-.096	.099	-.049	.036	.874							
7. <i>Firm Size (Sales Amount)</i>	-.011	.003	.073	.025	-.058	.357 ^{***}	1						
8. <i>Product Type</i>	.096	.092	.047	-.102	-.101	.112	.035	1					
9. <i>Stage of the PLC</i>	.112	.032	.168 [*]	.061	.214 ^{**}	.206 ^{**}	.025	-.015	1				
10. Product Adaptation	.190 ^{**}	.224 ^{***}	-.172 ^{**}	-.166 [*]	-.281 ^{***}	.089	.111	.013	-.148 [*]	.860			
11. Promotion Adaptation	-.074	.095	-.370 ^{***}	-.331 ^{***}	-.257 ^{***}	-.042	.008	.077	-.174 ^{**}	.500 ^{***}	.854		
12. Price Adaptation	-.075	.149 [*]	-.296 ^{***}	-.183 ^{**}	-.140 [*]	-.039	.011	.012	-.163 [*]	.406 ^{***}	.472 ^{***}	.938	
13. Distribution Adaptation	.186 ^{**}	.256 ^{***}	-.176 ^{**}	-.222 ^{**}	-.173 ^{**}	.015	-.082	.013	-.011	.625 ^{***}	.580 ^{***}	.596 ^{***}	.883

¹Diagonal is the square root of the average variance extracted.

²Constructs in italic are control variables in this study.

* $p < .10$, ** $p < .05$, *** $p < .01$

Table 5.8: Correlation Matrix for Constructs in the SPS Model

Constructs	1	2	3	4	5	6	7	8	9
1. Co-alignment among Marketing-mix Adaptation	.843								
2. Marketing Capabilities	.355***	.867							
3. Competitive Advantage	-.120	.346***	.843						
4. International Performance	.213**	.571***	.266**	.837					
5. Strategic Fit	.059	.107	.062	.204**	.837				
6. <i>Firm Size</i> ²	.017	.051	.144	.168**	-.011	1			
7. <i>Firm Age</i>	-.123	.029	.098	.034	-.041	.233**	1		
8. <i>Organisational Slack</i>	.069	.159*	.102	.275***	.272***	-.083	-.043	.837	
9. Exit from the Foreign Market	-.464***	-.177*	-.035	-.357***	-.317***	.040	.187**	-.223**	1

¹Diagonal is the square root of the average variance extracted.

²Constructs in italic are control variables in this study

* $p < .10$, ** $p < .05$, *** $p < .01$

In summary, confirmatory factor analyses indicated strong and statistically significant linkages between the individual items and their underlying constructs. It was concluded that the items employed to measure the constructs exhibit convergent validity, discriminant validity, and reliability. Thus, having established a satisfactory measurement model, the structural model, which represents the hypotheses under investigation, was examined.

5.5 STRUCTURAL EQUATION MODELLING: HYPOTHESES TESTING

SEM (Structural Equation Modelling) was used to test both the ES Model and the SPS Model, because of the need to test the hypothesised models in a simultaneous analysis of

the entire system of variables and to determine the extent to which they are consistent with the data (Byrne 2009). More specifically, Amos 20 and Mplus 6.0 were used for testing the ES Model and the SPS Model, respectively.

5.5.1 Assessment of the ES Model

To test the hypotheses in the ES Model, the relationships between the environment and marketing strategies, Amos 20 was used. The results of the normality test show that the data slightly depart from multivariate normality because the critical ratio of multivariate kurtosis is 9 (exceed the threshold value of 7, see Bentler 2006; Byrne 2009). Therefore, the bootstrapping approach is used, as this does not require a distributional assumption (Arbuckle 2011a). In this case, the corresponding overall model fit index is Bollen-Stine corrected p -Value (Bollen and Stine 1992). The Bollen-Stine bootstrap tests the null hypothesis that the default model is correct and the p -Value in this study is obtained for 2,000 bootstrap samples to ensure its stability (Arbuckle 2011a). The bootstrap Mean and SE columns were used to compute critical ratio values based on the bootstrap results. The p -values for bias-corrected and percentile-corrected confidence interval are referred to show the significance level (Blunch 2013). Table 5.9 displays the results obtained from the estimation of the ES Model. The Bollen-Stine corrected bootstrapping p -Value is not significant at the traditional level of .05 (i.e. .073), indicating that the hypothesised the ES Model fits the data well and should not be rejected.

Table 5.9: Results of Hypotheses Tests for the ES Model

Overall Model Fit Index: (GFI= .923; CFI= .901; RMSEA= .075) ¹		Hypothesised Model		
Bollen-Stine corrected Bootstrapping <i>p</i> -Value: 0.073		β^2	t-Value	Results
<i>H1a</i>	Governmental Assistance → Product Adaptation (+) ³	.160**	2.050	✓ ⁴
<i>H1b</i>	Governmental Assistance → Promotion Adaptation (+)	-.110	-1.085	n.s.
<i>H1c</i>	Governmental Assistance → Price Adaptation (+)	-.078	-.555	n.s.
<i>H1d</i>	Governmental Assistance → Distribution Adaptation (+)	.148*	1.84	✓
<i>H2a</i>	Environmental Difference → Product Adaptation (+)	.347**	3.888	✓
<i>H2b</i>	Environmental Difference → Promotion Adaptation (+)	.168*	1.672	✓
<i>H2c</i>	Environmental Difference → Price Adaptation (+)	.239**	2.156	✓
<i>H2d</i>	Environmental Difference → Distribution Adaptation (+)	.396***	3.662	✓
<i>H3a</i>	Competitive Intensity → Product Adaptation (+)	-.266**	-2.399	×
<i>H3b</i>	Competitive Intensity → Promotion Adaptation (+)	-.443***	-3.809	×
<i>H3c</i>	Competitive Intensity → Price Adaptation (+)	-.398***	-3.465	×
<i>H3d</i>	Competitive Intensity → Distribution Adaptation(+)	-.327**	-2.405	×
<i>H4a</i>	Centralisation → Product Adaptation (-)	-.163**	-2.519	✓
<i>H4b</i>	Centralisation → Promotion Adaptation (-)	-.317***	-3.361	✓
<i>H4c</i>	Centralisation → Price Adaptation (-)	-.187**	-2.065	✓
<i>H4d</i>	Centralisation → Distribution Adaptation (-)	-.237***	-2.644	✓
<i>H5a</i>	Degree of Internationalisation → Product Adaptation (-)	-.281***	-3.870	✓
<i>H5b</i>	Degree of Internationalisation → Promotion Adaptation (-)	-.211***	-2.702	✓
<i>H5c</i>	Degree of Internationalisation → Price Adaptation (-)	-.113	-1.416	n.s.
<i>H5d</i>	Degree of Internationalisation → Distribution Adaptation (-)	-.217***	-2.788	✓
[C] ⁵	<i>Firm Experience</i> → <i>Product Adaptation</i> (+)	.425*	1.701	✓
	<i>Firm Experience</i> → <i>Promotion Adaptation</i> (+)	.276	.530	n.s.
	<i>Firm Experience</i> → <i>Price Adaptation</i> (+)	.336	.377	n.s.
	<i>Firm Experience</i> → <i>Distribution Adaptation</i> (+)	.539	1.432	n.s.
	<i>Firm Size</i> → <i>Product Adaptation</i> (-)	.055	.821	n.s.
	<i>Firm Size</i> → <i>Promotion Adaptation</i> (-)	.003	.100	n.s.
	<i>Firm Size</i> → <i>Price Adaptation</i> (-)	.007	.170	n.s.
	<i>Firm Size</i> → <i>Distribution Adaptation</i> (-)	-.127	-1.432	n.s.
	<i>Product Type</i> → <i>Product Adaptation</i> (-)	.064	.299	n.s.
	<i>Product Type</i> → <i>Promotion Adaptation</i> (-)	-.004	-.064	n.s.
	<i>Product Type</i> → <i>Price Adaptation</i> (-)	-.024	-.260	n.s.
	<i>Product Type</i> → <i>Distribution Adaptation</i> (-)	.110	.535	n.s.
	<i>Stage of the PLC</i> → <i>Product Adaptation</i> (+)	-.173	-1.373	n.s.

Overall Model Fit Index: (GFI= .923; CFI= .901; RMSEA= .075) ¹ Bollen-Stine corrected Bootstrapping <i>p</i> -Value: 0.073		Hypothesised Model		
		β^2	t-Value	Results
[C]	<i>Stage of the PLC</i> → <i>Promotion Adaptation</i> (+)	-.116	-.957	<i>n.s.</i>
	<i>Stage of the PLC</i> → <i>Price Adaptation</i> (+)	-.145	-.100	<i>n.s.</i>
	<i>Stage of the PLC</i> → <i>Distribution Adaptation</i> (+)	.028	.428	<i>n.s.</i>

¹ Please note that these fit indices are not as precise as the Bollen-Stine bootstrap *p*-Value due to the violation of multivariate normality.

² Standardised Regression Weight

³ A '+' and '-' in the brackets denote that the hypothesised relationship is positive and negative, respectively.

⁴ A '✓', '✗', and 'n.s.' indicate that the hypothesised relationship is supported, refuted, and not significant, respectively.

⁵ Control Variables

p* < .05, *p* < .01, ****p* < .001

Consistent with hypotheses H1a and H1d, the results indicate that the stronger governmental assistance OFDI firms received, the more likely they were to adapt their product strategy ($\beta = .160$; $p < .05$) and distribution strategy ($\beta = .148$; $p < .10$) to the foreign markets. However, the effects of governmental assistance on price adaptation ($\beta = -.110$; $p > .10$) and promotion adaptation ($\beta = -.078$; $p > .10$) are not significant. Therefore, H1b and H1c are not supported. The data also provide strong support to H2a-H2d, the degree of environmental difference between home market and host market has a significant positive impact on product adaptation ($\beta = .347$; $p < .05$), promotion adaptation ($\beta = .168$; $p < .10$), price adaptation ($\beta = .239$; $p < .05$), and distribution adaptation ($\beta = .396$; $p < .01$).

Contrary to H3a-H3d, competitive intensity has been found to have a significantly negative effect on product adaptation ($\beta = -.266$; $p < .05$), promotion adaptation ($\beta = -.443$; $p < .01$), price adaptation ($\beta = -.398$; $p < .01$), and distribution adaptation ($\beta = -.327$; $p < .05$). The results of H4a-H4d support the notion that centralisation is negatively

associated with product adaptation ($\beta = -.163$; $p < .05$), promotion adaptation ($\beta = -.317$; $p < .01$), price adaptation ($\beta = -.187$; $p < .05$), and distribution adaptation ($\beta = -.237$; $p < .01$). Finally, DOI (degree of internationalisation) was found to be negatively related with product adaptation ($\beta = -.281$; $p < .01$), promotion adaptation ($\beta = -.211$; $p < .01$), and distribution adaptation ($\beta = -.217$; $p < .01$), which provides strong support for H5a, H5b, and H5d. However, DOI does not have a significant impact on price adaptation ($\beta = -.113$; $p > .10$), thus H5c is not supported.

Regarding the control variables, except for the positive impact of international experience on product adaptation ($\beta = .425$; $p < .10$), all the other variables including firm size, product type, and stage of the PLC show no significant influence on the international marketing-mix adaptation strategy. The impacts of international experience on promotion, price, and distribution adaptation are non-significant.

5.5.2 Assessment of the SPS Model

The hypotheses in the SPS Model focus on the relationships among marketing strategies, international performance, and exit decision. A binary dependent variable is involved in this model; therefore, Mplus is deemed to be an appropriate programme for the analysis (Muthén and Muthén 2010). More specifically, MLR estimator (a maximum likelihood estimator with robust standard errors using a numerical integration algorithm) is used because this is the only estimator available when moderators are involved. Monte Carlo integration with 5,000 integration is specified due to its advantage of generating more precise results when several dimensions of integration are involved (Muthén and Muthén 2010). As no absolute fit index is available for a model with moderators, the suggestions of Mooijaart and Satorra (2012) and Muthén were followed to ensure that the model fitted the data. Specifically, the goodness-of-fit of the SPS Model with no interactions (i.e. marketing capabilities are not included) was estimated first, the results showing that without the interaction, CFI = .923, Tucker–Lewis index (TLI) = .916, and RMSEA = .049, which indicate a good model fit (Hu and Bentler 1998). The SPS Model was then estimated with the interactions and its Akaike AIC and Bayesian BIC indices compared with those of the model without the interactions, in order to make sure that after adding the moderators the model still fitted the data (Muthén and Asparouhov 2009; Rust, Lee, and Valente 1995). The results show that there is a slight improvement in the model fit after adding the moderating effects of marketing capabilities. Specifically, the Akaike AIC index decreases from 17,651 to 17,639 and the Bayesian BIC index decreases from 18,092 to 18,082. Hence, it is concluded that the SPS Model fits the data well.

As mentioned in section 4.11, the issue of potential endogeneity deriving from self-

selection for H6 and H12 must be addressed. The Heckman (1979) two-step procedure has been widely adopted in strategic management research to correct for self-selection bias (Antonakis et al. 2010; Hamilton and Nickerson 2003; Shaver 1998), and consequently, this approach was adopted in the study. The main idea of this strategy is to first generate an unobserved self-selection correction variable (also called ‘inverse Mills Ratio’) based on the estimates of a probit strategy choice model, and then to include this inverse Mills Ratio in the performance regression model as a control variable (Antonakis et al. 2012; He, Brouthers, and Filatotchev 2013), thereby removing the influence of self-selection on performance. In this way, consistent estimates of the true impact of strategy choice on performance can be obtained (Antonakis et al. 2010).

Specific to the SPS Model, as both of the strategic choices (co-aligned between marketing-mix adaptation and strategic fit) are continuous latent variables, the Heckman (1974) procedure was followed, and each strategic choice was recoded as a dummy variable using a threshold of 2.5 (because a 5-point Likert scale was used to measure the two strategies in the questionnaire). In this case, one strategic choice is between a co-aligned marketing-mix strategy and a non-coaligned marketing-mix strategy, whilst the other strategic choice is between a fit strategy and a misfit strategy. The Heckman (1979) two-step procedure was then followed in which: (1) the estimates of a probit strategy choice model were used to generate inverse Mills Ratios based on two formulas, corresponding to the two categories of the dummy strategy variable (Heckman 1979). The STATA code provided by Hamilton and Nickerson (2003) was used. These inverse Mills Ratios are the values of the variable ‘self-selection correction’. In the SPS Model, we have ‘self-selection correction 1’ and ‘self-selection correction 2’ for ‘co-aligned among marketing-mix adaptation’ and ‘strategic fit’, respectively; and (2) thereafter, the

two variables 'self-selection correction 1' and 'self-selection correction 2' were used in the structural equation modelling as control variables to obtain unbiased estimates for H6 and H12. For better understanding the actual influence of the endogeneity problem in the study, the estimates of the SPS Model, both with and without self-selection correction, are reported (see Table 5.10). Overall, no significant difference was found between the two models regarding the significant levels of parameter estimates. Only two relationships (i.e. between strategic fit and international performance, and between strategic fit and exit) become slightly less significant. Therefore, it is concluded that the endogeneity caused by self-selection is not a serious issue in the study.

Table 5.10: Results of Hypotheses Tests for the SPS Model

Overall Model Fit Index (corrected for self-selection): CFI= .93; TLI= .91; RMSEA= .052 AIC= 17,639; BIC= 17,082		self-selection bias not corrected		self-selection bias corrected		Results
		<i>B</i> ¹	t-Value	<i>B</i>	t-Value	
<i>H6</i>	Strategic Co-alignment among the Marketing-mix Adaptation → International Performance (+) ²	.502***	2.598	.737***	3.107	✓ ³
<i>H7</i>	Strategic Co-alignment among the Marketing-mix Adaptation → Competitive Advantage (+)	-.244*	-1.683	-.255*	-1.803	×
<i>H8</i>	Marketing Capabilities → Competitive Advantage (+)	.506***	2.700	.503***	2.778	✓
<i>H9</i>	Strategic Co-alignment among the Marketing-mix Adaptation * Marketing Capabilities → International Performance (+)	.076	.353	.055	.807	n.s.
<i>H10</i>	Strategic Co-alignment among the Marketing-mix Adaptation * Marketing Capabilities → Competitive Advantage (+)	.307*	1.651	.322*	1.793	✓
<i>H11</i>	Competitive Advantage → International Performance (+)	.769**	2.236	.707**	2.194	✓
<i>H12</i>	Strategic Fit → International Performance (+)	.131**	2.023	.158*	1.716	✓
<i>H13</i>	International Performance → Exit from the Foreign Market (-)	-.947*	-1.882	-.967*	-1.851	✓
<i>H14</i>	Strategic Fit → Exit from the Foreign Market (-)	-.667***	-2.583	-.662**	-2.557	✓
<i>H15</i>	International Performance * Marketing Capabilities → Exit from the Foreign Market (+)	-2.246*	-1.883	-2.228*	-1.872	×
<i>H16</i>	Strategic Fit * Marketing Capabilities → Exit from the Foreign Market (-)	.788	1.071	.811	1.078	n.s.
	<i>Self-selection Correction 1 (For H6)</i>			.225*	1.848	
	<i>Self-selection Correction 2 (For H12)</i>			.084	.536	
[C] ⁴	<i>Firm size → Exit from the Foreign Market</i>	.022	.343	.023	.363	n.s.
	<i>Firm age → Exit from the Foreign Market</i>	.094**	2.376	.094**	2.372	×
	<i>Organisational Slack → Exit from the Foreign Market</i>	-.361	-1.124	-.362	-1.126	n.s.

¹ Unstandardised Regression Weight² A '+' and '-' in the brackets denote that the hypothesised relationship is positive and negative, respectively.³ a '✓', '×', and 'n.s.' indicate that the hypothesised relationship is supported, refuted, and not significant, respectively.⁴ Control Variables**p* < .05, ***p* < .01, ****p* < .001

As is shown in Table 5.10, the results indicate that the strategic co-alignment/internal consistency among the marketing-mix adaptation has a positive relationship with international performance ($B = .737, p < .01$), supporting H6. Notably, the alternatively traditional model where product adaptation, promotion adaption, price adaptation, and distribution are individually hypothesised to influence international performance, was also tested. The results show that only promotion adaptation and price adaptation have a significant influence on international performance. Contrary to H7, the strategic co-alignment/internal consistency among the marketing-mix adaptation was found to be negatively related with competitive advantage ($B = -.255, p < .10$). The results provide support for H8 ($B = .503, p < .01$), which poses that the higher level of a firm's marketing capability, the greater competitive advantage the firm will hold.

As predicted by H11, the results suggest that competitive advantage has a positive impact on international performance ($B = .707, p < .05$). Similarly, strategic fit between a foreign affiliate and its headquarters is also found to be positively associated with international performance, thus supporting H12 ($B = .158, p < .10$). The results also provide support to H13 ($B = -.967, p < .10$), which posits that the higher the international performance in a foreign market, the less likely the firm will exit from the foreign market. H14, which hypothesises that the strategic fit between a foreign affiliate and its headquarters has a negative impact on the foreign affiliate's exit from the foreign market, is confirmed by the results ($B = -.662, p < .01$).

In addition, in the study there are four hypotheses involving moderating effects (i.e. H9,

H10, H15, and H16). To explore the nature of these interactions, the interactions were plotted and simple slope tests were performed for each relationship by following the procedures for unstandardised regression weights, as suggested by Aiken, West, and Reno (1991). Namely, the moderator (i.e. marketing capabilities) was split into a high level group and a low level group by plus and minus two standard deviations from the mean (Aiken, West, and Reno 1991) and a re-estimation conducted to determine whether the regression coefficients of subgroup were significantly different from zero. These plots are displayed in Figures 5.2 to Figure 5.5.

There was no adequate evidence to support H9 ($B = .055, p > .10$), which proposes that marketing capabilities strengthen the positive relationship between the co-alignment among the marketing-mix adaptation and international performance. More specifically, as is shown in Figure 5.2, the positive relationship between the co-alignment among the marketing-mix adaptation and international performance holds for both a low level of marketing capability (simple slope: $b = .727, t = 2.75, p < .01$) and a high level of marketing capability (simple slope: $b = .746, t = 3.47, p < .01$). However, the two slopes are not significantly different from each other, as indicated by the interaction coefficient ($B = .055, p > .10$) in Table 5.10. Therefore, marketing capabilities does not moderate the positive relationship between co-alignment among marketing-mix adaptation and international performance.

Marketing capabilities are proposed to strengthen the positive relationship between a strategic co-alignment among the marketing-mix adaptation and competitive advantage

in H10. Although the relationship between a strategic co-alignment among the marketing-mix adaptation and competitive advantage is negative (see the result of H7), the moderating effect of marketing capabilities in H10 is supported by the results. More specifically, as is shown in Figure 5.3, the relationship between the co-alignment among the marketing-mix adaptation and competitive advantage is negative for low marketing capabilities (simple slope: $b = -.331$, $t = -1.89$, $p < .10$), whereas for high marketing capabilities the relationship is not significant (simple slope: $b = -.178$, $t = -1.61$, $p > .10$). Although the moderating effect is significant in Table 5.10 ($B = .322$, $p < .10$), neither of the relationships is positive, thus contrary to expectation. Therefore, the result means that marketing capabilities weaken the negative impact of the strategic co-alignment among the marketing-mix adaptation on competitive advantage.

The results illustrate that marketing capabilities strengthen the negative impact of a foreign affiliate's international performance and its exit from the foreign market ($B = -2.228$, $p < .10$), therefore refuting H15. More specifically, when the level of marketing capability is low, there is no significant relationship between a foreign affiliate's international performance and its exit from the foreign market (simple slope: $b = -.568$, $t = -1.13$, $p > .10$). However, when the level of marketing capability is high, there is a negative relationship between the two (simple slope: $b = -1.365$, $t = -2.21$, $p < .05$).

In addition, inadequate evidence is found to support H16 ($B = .811$, $p > .10$), which proposes that marketing capabilities weaken the negative impact of the strategic fit between a foreign affiliate and its headquarters on the foreign affiliate's exit the foreign

market. More specifically, although the influence of the negative relationship between the strategic fit between a foreign affiliate and its headquarters on the foreign affiliate's exit the foreign market is weaker for a high level of marketing capability (simple slope: $b = -.517$, $t = -1.72$, $p < .10$) than for a low level of marketing capability (simple slope: $b = -.807$, $t = -2.86$, $p < .01$), the difference (moderating effect) is not significant ($B = .811$, $p > .10$, Table 5.10).

Regarding the control variables, firm size ($B = .023$, $p > .10$), and organisational slack ($B = -.362$, $p > .10$) are found to have no significant influence on the exit of a foreign affiliate. Firm age has a positive impact on the exit of a foreign affiliate ($B = .094$, $p < .05$), which is contrary to expectation. The self-selection correction variable for H6 (i.e. the relationship between the co-alignment among the marketing-mix adaptation and international performance) has a positive impact on international performance ($B = .225$, $p < .10$). The self-selection correction variable for H12 (i.e. the relationship between strategic fit and international performance) shows no significant influence on international performance ($B = .084$, $p > .10$).

Figure 5.2: Moderating Effect of Marketing Capabilities on the Relationship between Co-alignment among Marketing-Mix Adaptation and International Performance (H9)

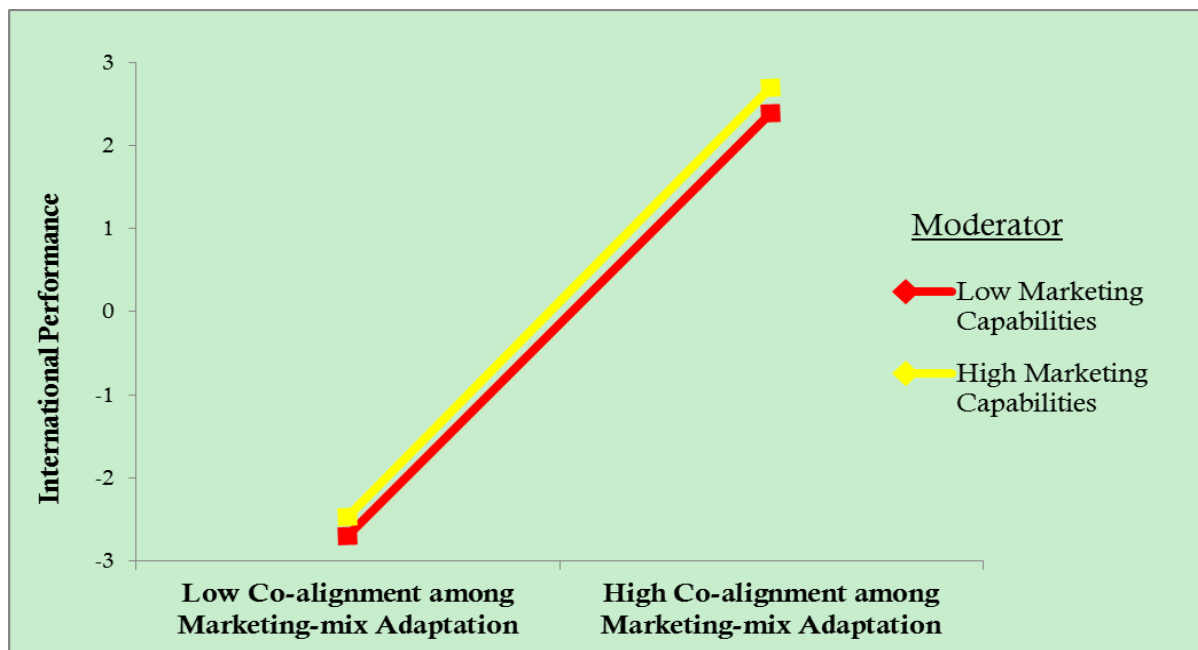


Figure 5.3: Moderating Effect of Marketing Capabilities on the Relationship between Co-alignment among Marketing-Mix Adaptation and Competitive Advantage (H10)

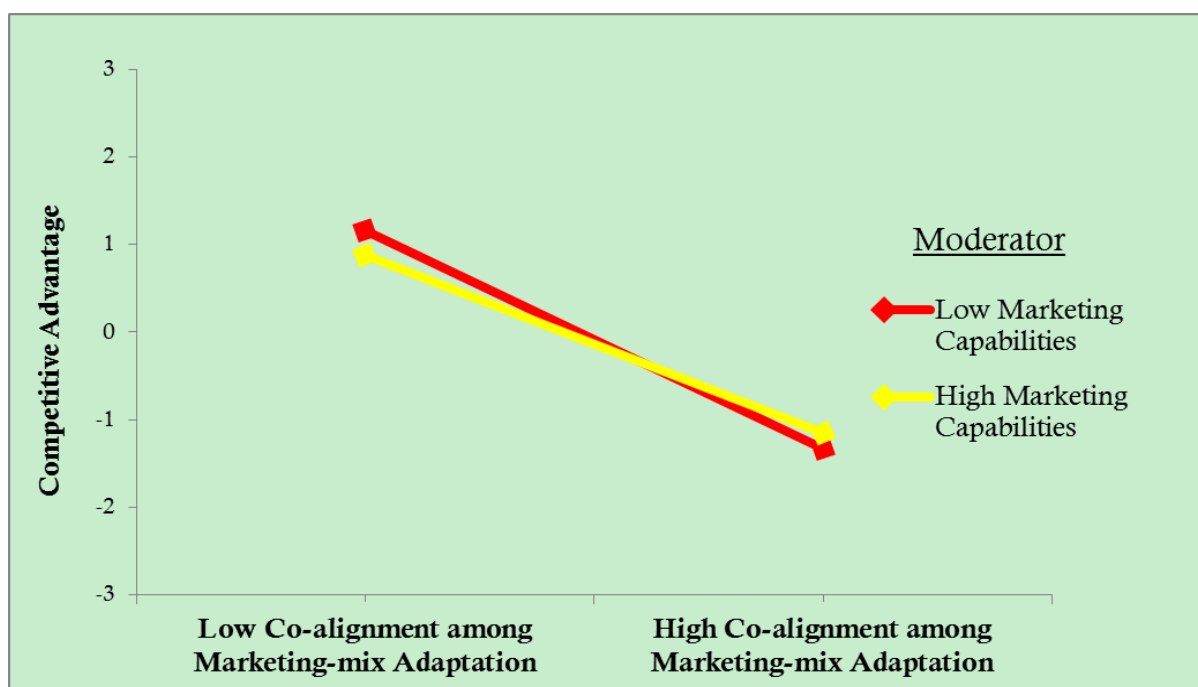


Figure 5.4: Moderating Effect of Marketing Capabilities on the Relationship between International Performance and Exit from the Foreign Market (H15)

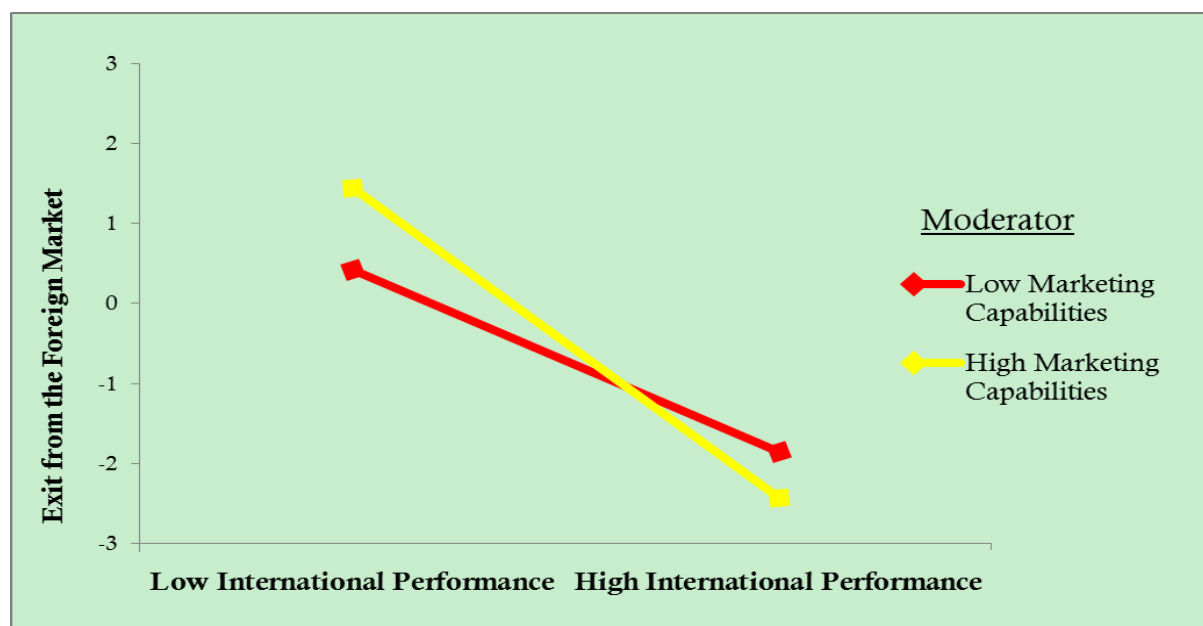
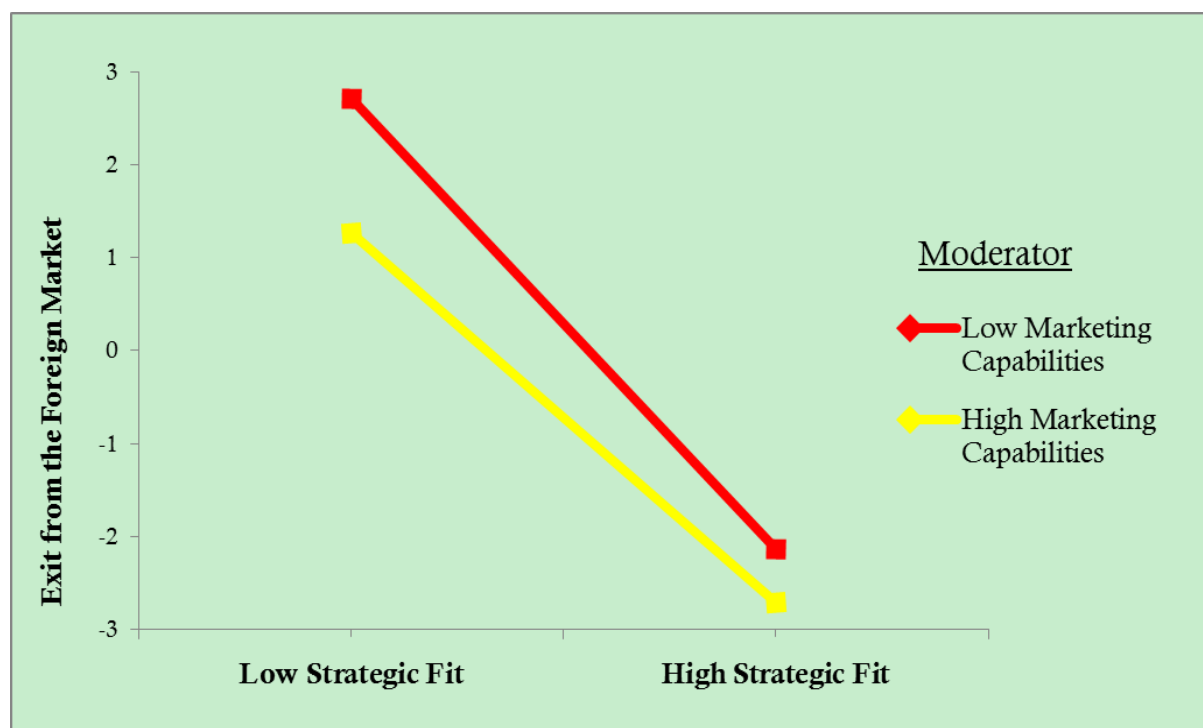


Figure 5.5: Moderating Effect of Marketing Capabilities on the Relationship between Strategic Fit and Exit from the Foreign Market (H16)



5.6 SUMMARY

This chapter has presented the statistical results of testing the hypotheses which are based on the research framework and developed in Chapter 3. Tables 5.9 and 5.10 summarise the results for the ES Model and the SPS Model, respectively. Among all the 20 hypotheses in the ES Model, three are not supported due to non-significant relationships, four are refuted because of the opposite direction of the relationships, and 13 are supported with the predicted direction. In terms of the 11 hypotheses in the SPS Model, two are not supported due to non-significant relationships, two are refuted because of the opposite direction of the relationships, and seven are supported with the predicted direction. The implications of these findings are discussed in the following chapter.

CHAPTER 6: DISCUSSION

This chapter discusses the research findings in Chapter 5. The results of H1-H5 in the ES (Environment-Strategy) Model, which are presented in Table 5.9, are discussed first. This discussion is followed by a consideration of the results of H6-H16 in the SPS (Strategy-Performance-Strategy) Model, which are shown in Table 5.10. Finally, the findings for the ESPS model as a whole are considered.

Although research on international entry and expansion behaviour has received substantial research attention (Griffith, Cavusgil, and Xu 2008), there is a general lack of research on international exit behaviour (Fetscherin, Voss, and Gugler 2010; McDermott 2010). The extant empirical studies on exit behaviour overwhelmingly emphasise the impact of poor performance, but ignore another important trigger of exit decision-strategy (Boddewyn 1979a; Boddewyn 1979b; Markides and Berg 1992). In addition, extant research on exit from different streams has made little effort to trace further back to the determinants of poor performance, and to distinguish direct triggers of exit decision from indirect triggers, leaving our understanding of firms' exit behaviour far less developed. Aiming for a more comprehensive and exacting understanding of international exit behaviour, this study draws perspectives from the ESP paradigm, fit theory, dynamic capabilities theory, and the theory of competitive advantage to incorporate extant research findings on exit, and insights from international marketing research.

As a result, the research questions primarily focus on: (1) whether the strategic misfit between a foreign affiliate and its headquarters, associated with international performance, is a trigger of the foreign affiliate's exit from the foreign market (H12-H14); (2) whether marketing capabilities play a moderating role in the relationship between an exit decision and its triggers (H15 and H16); and (3) whether, and how, international marketing-mix strategy influences a foreign affiliate's performance, which further links to subsequent exit decision (H6-H11). As a secondary research interest, following the suggestions by Porter (1991), the investigation moves further backward in the causal chain to trace the determinants of international marketing-mix strategy, by addressing either the most frequently studied factors or some of the ignored but important factors (H1a-H5d). By tracing backwards in the causal chain, the study contributes to a deeper understanding of international exit behaviour, which is reflected in the research results and the following discussion.

6.1 THE ES (ENVIRONMENT-STRATEGY) MODEL

6.1.1 Government Assistance and International Marketing Adaptation

Despite the important role of government assistance in firms' international marketing activities (Leonidou, Palihawadana, and Theodosiou 2011; Sousa and Bradley 2009a), almost no previous studies have examined its impact on firms' choice between

international marketing standardisation and adaptation. This study's results highlight the important role of governmental assistance in influencing a foreign affiliate's international marketing strategy. More specifically, the stronger support a foreign affiliate receives, the more likely it is that it will adapt product strategy and distribution strategy. This can be explained by the fact that an adapted strategy is more costly than a standardised strategy due to the adjustment involved (Jain 1989; Shoham 1996b). Governmental assistance indicates a 'voucher' for free resources and capabilities, and this promise is likely to encourage a foreign affiliate to develop an effective marketing strategy (Leonidou, Paliawadana, and Theodosiou 2011). That is to say, with governmental assistance, an adapted marketing strategy is more likely to be chosen, because it more effectively meets local demands (Kotler 1986; Ryans, Griffith, and White 2003). Meanwhile, governmental assistance in training, education and trade mobility transfers human capital such as experience and business skills to foreign affiliates, which enhances their ability to precisely satisfy the local demands by adjusting their marketing strategy in the realms of product design and channel design (Griffith, Yalcinkaya, and Calantone 2010). This is also consistent with the ESP paradigm pertaining to the influence of the external environment on firms' strategic choice (Daft and Weick 1984; Zou and Stan 1998).

However, the positive impacts of governmental assistance on promotion adaptation and price adaptation are not significant. This indicates that in general, receiving governmental assistance does not have impact on a foreign affiliate's international pricing strategy and promotion strategy. The fact that the majority of Chinese products adopt low pricing strategy to compete in international markets due to the relatively low production cost and not governmental assistance is one example of this (Brouthers and

Xu 2002; Harney 2008). This situation may also reflect the fact that currently, Chinese governmental non-financial assistance (i.e. education, training, and trade mobility) to outward FDI firms focuses more on the product and distribution adaptation (Buckley et al. 2007), and less on price and promotion adaptation. Therefore, its influence on price and promotion strategy is less obvious. In this regard, the Chinese government may need to consider a well-rounded or more balanced scheme to support OFDI firms' marketing activities in order to enhance the overall competitive advantage of foreign affiliates, because international marketing-mix strategy should be considered in the aggregate (Rao 1984).

6.1.2 Environmental Difference and International Marketing Adaptation

Consistent with the majority of the previous empirical studies (e.g. Chandra, Griffith, and Ryans 2002; Chung 2009; Powers and Loyka 2010; Sousa and Bradley 2009b), this study's results indicate that the more diverse the environments of countries/markets are, the more likely a foreign affiliate is to adapt its international marketing strategy in product, promotion, price, and distribution. This indicates that management's perception of similarities between the home and host markets does influence their strategic choice between international marketing standardisation and adaptation (Samiee et al. 2003). Since environmental factors (such as economics, politics, regulations, and culture) tend to shape consumers' preferences, willingness to pay, purchase attitudes, and consumption behaviour (Jain 1989; Özsomer and Simonin 2004), it is suggested that when the environment in the host market is different from that of the home market, an adapted international marketing strategy should be considered to better address the

needs of local customers (Katsikeas, Samiee, and Theodosiou 2006). This is also consistent with the previous argument that a standardised strategy is more likely when the environmental conditions in target markets are similar to those in home country environments (Chung, Rose, and Huang 2012; Shoham 1996b).

6.1.3 Competitive Intensity and International Marketing Adaptation

The results show that competitive intensity has a significantly negative influence on product adaptation, promotion adaptation, price adaptation, and distribution adaptation, which is contrary to expectation. Generally speaking, a more competition-intensive market encourages/forces foreign affiliates to adapt their international marketing-mix strategy (Cavusgil and Zou 1994; Wong and Merrilees 2008), because a standardised marketing strategy is less advantageous in a competitive market as there are always competitors who are willing and able to satisfy local consumers' unique demands in the target market (Kotler and Armstrong 2010; Lages and Montgomery 2004). However, there are two reasons that may explain why a foreign affiliate may choose a standardised marketing-mix strategy when competition is intensive.

First, according to the explanation of one experienced manager, as the level of competitive intensity increases, the cost of adapting a firm's international marketing strategy to gain competitive advantage also increases while the chance for an adapted international marketing strategy to be successful decreases. That is to say, firms tend to see less value in the potential performance of an adapted strategy and may also have less

expectancy of achieving their goals (i.e. competitive advantages, superior performance). In this case, as argued by the expectancy-value theory (Vroom 1964), firms are less motivated to adapt their marketing strategies due to the low expectancy and low perceived value associated with them. Instead, a standardised international marketing strategy seems to be more attractive than an adapted strategy because of its lower cost and greater effectiveness in implementation (Melewar and Saunders 1999), and the higher possibility of achieving good performance levels, especially when firms do not have adequate resources/capabilities to support an adapted strategy in the target market.

In addition, the research finding is consistent with another empirical study conducted by Erdoğan, Bodur, and Yilmaz (2010), who also reported a similar unexpected outcome that competitive intensity is positively related to promotion standardisation. The authors attributed the unexpected findings to sample-specific context. Specifically, the majority of their sample companies were at the initial stage of internationalisation and, therefore, chose a standardised marketing strategy to reduce risk (Erdoğan, Bodur, and Yilmaz 2010). This could also apply to this study's sample, considering that the 'Go Global' policy only started in 2004 and the majority of the responding firms have an FDI experience of less than seven years. Hence, it is reasonable for foreign affiliates, who either have inadequate resources/capabilities or are at the initial stage of their internationalisation, to adopt a more standardised marketing-mix strategy.

6.1.4 Centralisation and International Marketing Adaptation

Consistent with expectations, a centralised decision-making structure was negatively related to an adapted international marketing strategy in product, promotion, price, and distribution. This is consistent with the majority of the previous empirical findings and the argument that the need to control often justifies a standardised marketing strategy for a centralised decision-making structure (e.g. Chung 2009; Melewar and Saunders 1998; Quester and Conduit 1996; Samiee et al. 2003; Townsend et al. 2004). In addition, as aforementioned, this also indicates that the negative relationship between centralisation and marketing adaptation may be largely due to the differences between headquarters' managers, and managers in foreign affiliates, regarding their standpoints deriving from different roles (Subramaniam 2006), knowledge about the foreign market (Subramaniam 2006), and sensitivity to environmental difference (Samiee et al. 2003).

Despite this, it should be noted that a strategic choice between marketing standardisation and adaptation based solely on the organisational decision-making structure may not be very effective and should be improved. From the perspective of the ESP paradigm and fit theory, effective strategic formulation should be built upon the managers' consensus regarding environmental opportunities/threats and corporate resources/capabilities (Andrews 1971; Dess 1987) in order to effectively match strategy with its environment (Child 1972; Katsikeas, Samiee, and Theodosiou 2006). In this case, communications between headquarters and foreign affiliates regarding the environment in the foreign market and firms' resources/capabilities, is necessary for an optimal strategy within multinationals (Edström and Galbraith 1977), regardless of the organisational decision-making structure. Therefore, in order to make an optimal strategic choice between marketing-mix standardisation and adaptation, both the headquarters' management and

the managers in the foreign affiliates need to seek knowledge/information from each other to gain a full understanding of the overall foreign environment and corporate strategic concerns and ensure consensus among management (Dess 1987; Edström and Galbraith 1977).

6.1.5 Degree of Internationalisation and International Marketing Adaptation

Very few studies have investigated the possible impact of the degree of internationalisation on international marketing adaptation (Leonidou, Katsikeas, and Samiee 2002; Shoham 2003; Tan and Sousa Forthcoming). Hence, this study's results contribute to a better understanding of both constructs. Specifically, the degree of internationalisation is found to negatively influence the extent of international marketing adaptation in product, promotion, price, and distribution. This indicates that as firms' internationalisation progresses, a standardised marketing strategy becomes more attractive to firms' decision-makers due to its great benefit of economies of scale (Shoham 1996a; Waheeduzzaman and Dube 2004).

This is, however, different from the findings in previous studies (Cavusgil 1984; Kwon and Hu 2001), which demonstrate that as the degree of internationalisation increases, multinationals will engage greater adaptation due to the link between managerial experience and adaptation (Calantone et al. 2004; Kwon and Hu 2001). It is true that as the internationalisation progresses, a firm becomes more experienced in capturing local demands, and effectively adapting marketing strategies to match the market condition

(Cavusgil and Zou 1994; Douglas and Craig 1989). However, firms may be unwilling to adapt their marketing strategies when they perceive the advantages of marketing standardisation as greater. As the results imply, when the degree of internationalisation increases, the economies-of-scale advantage of a standardised marketing strategy becomes more attractive to multinationals, and standardisation is therefore, more likely to be adopted by firms.

6.2 THE SPS (STRATEGY-PERFORMANCE-STRATEGY) MODEL

6.2.1 Strategic Co-alignment among the International Marketing-mix Adaptation and International Performance

As aforementioned, despite the large number of studies on the link between international marketing standardisation/adaptation and international performance, most of them have examined each dimension (i.e. product, promotion, price, and distribution) independently (Shoham 2003; Tan and Sousa Forthcoming; Theodosiou and Leonidou 2003). This study addresses the need to examine the strategy-performance link in a different way. Specifically, it focuses on how the international performance is influenced by the strategic co-alignment among the marketing-mix adaptation (i.e. product adaptation, promotion adaptation, price adaptation, and distribution adaptation).

In general, the results suggest that strategic co-alignment among the marketing-mix adaptation has a significant and positive influence on firms' international performance. However, when investigating the alternative model where each dimension of marketing-

mix adaptation independently influences international performance, two of the dimensions (i.e. product adaptation and price adaptation) are not significant. Considered jointly, the results indicate that it is the strategic co-alignment among the four dimensions of the international marketing-mix adaptation, instead of each one of them, that influences the international performance of a foreign affiliate. This is consistent with the previous argument that the four dimensions of the international marketing-mix strategy are interdependent (Rao 1984; Venkatraman and Walker 1989) and, therefore, should not be separated in the operationalisation of the strategy itself (Grant and King 1982; Venkatraman 1990). In this case, a separated investigation of each dimensional strategy fails to capture the nature of internal consistency among the marketing-mix dimensions, thus yielding inconsistent results (Venkatraman and Walker 1989). This may explain the fact that the results of previous empirical studies on the link between each dimension of the marketing-mix and international performance always seem to show inconsistency with each other, showing a positive, negative, and non-significant impact depending upon the research context and sample (Tan and Sousa Forthcoming). As such, subsequent research on this topic should always consider examining the strategic co-alignment among the international marketing-mix adaptation, instead of focusing on one of the four dimensions.

The results also address an important perspective of fit theory, that being strategic co-alignment, internal consistency among a set of important decisions (Grant and King 1982). The reason is that international marketing strategy plays an integral role in yielding the international performance of a foreign affiliate. It is, therefore, not enough to only examine/invest only one, two or three dimensions of the marketing-mix strategy to

explain performance implications (Venkatraman and Walker 1989). In addition, if a firm formulates four independent strategies for product adaptation, promotion adaptation, price adaptation, and distribution adaptation, without considering the strategic co-alignment/internal consistency among them, the positive influence of one dimensional strategy (e.g. product) is likely to be offset by the negative influence of another dimensional strategy (e.g. price). In this case, the critical value of an adapted marketing-mix strategy in leading to superior performance cannot be fully captured (Venkatraman 1990; Venkatraman and Walker 1989). As a result, the final/systematic influence of an adapted international marketing-mix strategy on the international performance can never be precisely explained, let alone be predicted.

6.2.2 Strategic Co-alignment among International Marketing-mix Adaptation and Competitive Advantage

The influence of strategic co-alignment among the marketing-mix adaptation on the competitive advantage of a foreign affiliate was also examined, the results indicating that the lower the degree of strategic co-alignment among the marketing-mix adaptation, the more likely a foreign affiliate will gain competitive advantage. This is contrary to expectation. It indicates that, although the strategic co-alignment among the marketing-mix adaptation can lead to superior performance (see the results of H9) by better satisfying local demands, it may be insufficient to compete favourably against the rivals in the foreign market.

As suggested by the theory of competitive advantage, in practice it is more likely that different competitors master different capabilities (Day 1994). In this case, along each dimension of the marketing-mix, a foreign affiliate will face different major competitors. A co-aligned marketing-mix strategy is, therefore, insufficient for the foreign affiliate to obtain competitive advantage, because it cannot address the unique need for competitive advantage along each dimension. As such, a more effective way to gain competitive advantage is to carefully design one independent strategy for each dimension (Day 1994) or stay focused on one dimensional advantage only (Porter 1980), thereby competing favourably based on the specific competition structure at each dimension. This is consistent with previous findings that the independent impact of capabilities of developing each dimensional international marketing-mix on the competitive advantage has been found to always be positive (e.g. Zou, Fang, and Zhao 2003).

6.2.3 International Marketing Capabilities and Competitive Advantage

Based on the dynamic capabilities theory and theory of competitive advantage, although all prior conceptual studies propose that marketing capabilities will contribute to a firm's competitive advantage, very few empirical studies have actually examined this relationship, especially in an international research context (Fang and Zou 2009; Zou, Fang, and Zhao 2003). This study provides empirical support to the proposals advanced in these theories, and therefore contributes to testing them. As expected, the results suggest that international marketing capabilities have a significantly positive impact on the competitive advantage of a foreign affiliate. This provides strong support for the dynamic capabilities theory and theory of competitive advantage which both argue that marketing capabilities are important and direct antecedents of competitive advantages

(Day 1994; Day and Wensley 1988; Newbert 2007; Teece 2007). Additionally, the findings are consistent with the outcomes of previous empirical studies (e.g. Fang and Zou 2009; Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003) that argue marketing capabilities enable a firm to successfully compete in international markets by effectively developing new products, pricing, managing distribution networks, and formulating promotion strategies (Murray, Gao, and Kotabe 2011), and properly implementing the chosen strategy (Morgan et al. 2003).

6.2.4 Strategic Co-alignment among the International Marketing-mix adaptation, International Marketing Capabilities, and International Performance

Although there is a stronger positive relationship between the strategic co-alignment among the international marketing-mix adaption and the international performance, in respect of a high level of marketing capability than a low level of marketing capability (Figure 5.2), the difference between the two is not significant (Table 5.10). Thus, the results do not support a significant moderating effect of marketing capabilities. This indicates that the formulation of a strategically co-aligned international marketing-mix adaption itself is the key determinant of a foreign affiliate's international performance, as proposed by previous studies (Cavusgil and Zou 1994; Zou and Cavusgil 2002). This is also consistent with the notion of the ESP paradigm that strategy formulation, influenced by environment, directly determines a firm's performance (Child 1972; Theodosiou and Leonidou 2003; Zou and Stan 1998).

The results do not support the moderating role of international marketing capabilities, which also means that if a foreign affiliate is able to formulate a good strategy (i.e. the co-aligned marketing-mix adaptation strategy), the incremental value of good strategy implementation (as indicated by marketing capabilities) in achieving superior performance becomes less important. However, this should not discourage firms to engage in developing a high level of marketing capability, because marketing capabilities contribute to obtaining both competitive advantages (Fang and Zou 2009; Vorhies and Morgan 2005; Zou, Fang, and Zhao 2003), and superior performance (Griffith, Yalcinkaya, and Calantone 2010; Morgan, Vorhies, and Mason 2009), as suggested by the theory of competitive advantage (Day and Wensley 1988).

6.2.5 Strategic Co-alignment among the International Marketing-mix adaptation, International Marketing Capabilities, and Competitive Advantage

The results suggest that strategic co-alignment among the international marketing-mix adaptation has a negative impact on competitive advantage giving a low level of international marketing capability, but that its negative impact become non-significant when the level of international marketing capability becomes high. As explained earlier, a co-aligned marketing-mix adaptation strategy may not lead to competitive advantage. Based on this, the results further indicate that developing a high level of marketing capability helps to improve firms' disadvantageous competitive position. This conforms to the theory of competitive advantage from a different angle.

According to the theory of competitive advantage, the strategy formulation and strategy implementation lead to competitive advantage (Day and Wensley 1988). The two key tasks of corporate management are strategy formulation and strategy implementation (Thompson and Strickland 1992), which always work in an interactive manner (Andrews 1971; Dess 1987). Specifically, formulating an uncompetitive international marketing strategy (in this case, a co-aligned marketing-mix adaptation strategy) is likely to result in less competitive advantage, but a high level of marketing capability (as an indicator of implementation capability) could to some extent, help the firm to improve its disadvantageous competitive position. Therefore, the research findings also confirm that marketing capabilities is an important contributor towards competitive advantage, as also argued by the dynamic capabilities theory (Fang and Zou 2009; Teece 2007; Teece, Pisano, and Shuen 1997).

6.2.6 Competitive Advantage and International Performance

The findings suggest that there is a positive relationship between competitive advantage and international performance, which is consistent with the results of a few previous empirical studies (e.g. Albaum and Tse 2001; Newbert 2008; Zou, Fang, and Zhao 2003). The results also provide support for the theory of competitive advantage, which argues that competitive advantage is an important antecedent of international performance (Day and Wensley 1988). In this regard, competitive advantage and international performance are actually two distinct constructs, as suggested by some scholars (Barney 1991; Newbert 2007). Specifically, competitive advantage focuses on the creation of greater value rather than on competitors, whereas performance concentrates on the

capture of the created values through the commercialisation (Newbert 2008). The greater the value deriving from competitive advantage, the more value is likely to be captured from its commercialisation, because value creation is a necessary condition of value capture (Lepak, Smith, and Taylor 2007).

The research results therefore suggest that it is necessary to clearly distinguish competitive advantage and international performance in order to better understand both of the constructs, as argued by Newbert (2008). On the one hand, value capture instead of value creation is the ultimate goal of a firm. Therefore, international performance should be considered as more important when compared with competitive advantage. As firms may create values through many sources (Lepak, Smith, and Taylor 2007) and attaining competitive advantage is just one important alternative, other sources of value creation such as innovation may also be taken into consideration for a comprehensive understanding of the sources of international performance. On the other hand, since competitive advantage is an important antecedent of international performance, great efforts should be made to capture all, or at least a considerable portion, of the value the competitive advantage creates. Based on the maximum proportion of the capture, it can be inferred how much effort is required to engage in attaining competitive advantage in the first place.

6.2.7 Strategic Fit and International Performance

As proposed, the internal strategic fit between the headquarters and its foreign affiliate positively influences the international performance of the foreign affiliate. A similar study by Thornhill and Amit (2001) also found a positive relationship between internal strategic fit (between corporate parents and their ventures) and the ventures' performance. The research results confirm that internal strategic fit, other than external strategic fit (strategy-environment fit), is also an important contributor to a foreign affiliate's international performance. This indicates that by keeping a strategic fit with the headquarters, a foreign affiliate could enjoy superior international performance, either due to the easy access to resources or due to more commitment from the headquarters (Thornhill and Amit 2001).

The findings provide insights into fit theory. Firstly, the concept of fit has multiple perspectives, and the fit elements involves both internal and external domains (Venkatraman and Camillus 1984). Whereas external fit (strategy-environment fit) has received general acknowledgement from previous studies (e.g. Katsikeas, Samiee, and Theodosiou 2006; Vorhies and Morgan 2003; Xu, Cavusgil, and White 2006; Zajac, Kraatz, and Bresser 2000), the largely ignored internal strategic fit should also receive much research attention, in order for a comprehensive understanding of the concept of 'fit'. Secondly, internal strategic fit may also involve different levels: functional, business, and corporate (Venkatraman and Walker 1989). The internal strategic fit between a foreign affiliate and its headquarters is only one of them. It is, therefore, necessary to investigate other levels of internal strategic fit before one can draw an overall conclusion regarding the role of different internal strategic fits. The research on strategic fit will be

substantially advanced when the understanding it provides is based on empirical findings relating both to external strategic fit and internal strategic fit.

6.2.8 International Performance and Exit from the Foreign Market

As generally suggested/predicted by previous studies, the results indicate that the poor international performance of a foreign affiliate is an important trigger for its exit from the foreign market. The poorer the international performance of a foreign affiliate, the more likely that this foreign affiliate will exit from the foreign market (Boddewyn 1979b; Gimeno et al. 1997), which is consistent with findings of many previous studies (e.g. Berry 2013; Duhaime and Grant 1984). Poor performance not only brings pressure to managers to consider exit (Hoskisson and Turk 1990), but more importantly indicates that future performance will continue to be as poor if the same operation continues (Berry 2013; Duhaime and Grant 1984). In this regard, the anticipated poor future performance based on current poor performance may be the key reason underpinning a firm's exit decision (Shimizu 2007). However, due to the importance of future performance, if other factors are present which make a poorly performing firm believe that its future performance is likely to improve, then that firm may continue its operation even when current performance is poor. Notably, the data was aggregated from the managers both at headquarters and in the foreign affiliate, this indicates that poor performance is a key trigger for a foreign affiliate's exit from a market, regardless of who actually makes the decision in this respect.

6.2.9 Strategic Fit and Exit from the Foreign Market

Despite the importance of strategic fit being generally acknowledged among researchers and practitioners (Katsikeas, Samiee, and Theodosiou 2006; Markides and Berg 1992; Venkatraman 1989), hardly any existing empirical studies have examined the relationship between strategic fit and the likelihood of a foreign market's exit from a foreign market. Consequently, this study represents a first step in that direction, as it empirically investigates the strategic reasons for a foreign affiliate's exit from the foreign market.

The study supports the need for strategic fit by demonstrating that there is a negative relationship between internal strategic fit (between a foreign affiliate and its headquarters) and the foreign affiliate's exit from a foreign market. Specifically, the less the internal strategic fit between headquarters and a foreign affiliate, the more likely it is that the foreign affiliate will exit from the foreign market. The results generally confirm the argument that strategic reasons are also an important trigger of a foreign affiliate's exit from a market, as advanced in many conceptual studies (Decker and Mellewigt 2007; Vignola 1974). Moreover, the findings further provide support to the argument that maintaining an internal strategic fit between the headquarters and its foreign affiliates helps the latter to survive and grow (Thornhill and Amit 2001). This is to say, if a foreign affiliate wants to secure a place in the foreign market, in addition to achieving good performance, it is also necessary to maintain an internal strategic fit with its headquarters (Markides and Berg 1992; Thornhill and Amit 2001).

The research findings also generate insights into fit theory. Strategic fit involves not only the external fit (i.e. fit between environment and strategy) as generally proposed in previous studies, but also the internal strategic fit, which is confirmed as another important aspect which is of equal importance and which should be given much more attention (Venkatraman 1990), because it also has implications for superior performance (Thornhill and Amit 2001; Venkatraman and Walker 1989). Notably, as argued by previous studies, strategic aspects cover more than simply the internal strategic fit between headquarters and foreign affiliates (Boddewyn 1979b; Markides and Berg 1992). Many other strategic aspects could also be important determinants of a foreign affiliate's exit from a foreign market.

6.2.10 International Performance, International Marketing Capabilities, and Exit from the Foreign Market

The results show that international marketing capabilities increase the likelihood of exit of a foreign affiliate with unsatisfactory international performance, which is contrary to expectation. Specifically, when marketing capability is low, there is no significant relationship between international performance and a foreign affiliate's exit from the foreign market; but when marketing capability becomes high, a foreign affiliate with poor performance is likely to exit the foreign market. Possible explanations are as follows. On the one hand, for a foreign affiliate with a low level of marketing capability, if the performance is poor, there is still much room for it to improve its current operation for a

better performance (e.g. by improving marketing capabilities). Therefore, the decision-makers may not jump to an exit decision. However, for a foreign affiliate with a high level of marketing capability, if the performance is already poor, there is little room to for it to further improve its current operation for a better performance. In this case, an exit decision may be more likely to be made for better opportunities in other markets.

On the other hand, as argued by an experienced general manager at headquarters, just as an employee with a high level of ability is more likely to choose to leave a firm for a better offer (Jackofsky and Peters 1983), so too, a foreign affiliate with a high level of marketing capability is also more likely to exit from the current foreign market because it can perform much better in other markets. Less capable foreign affiliates may not even overcome the entry barrier in other foreign markets, so it is better for them to remain in their current markets.

Overall, the results suggest that marketing capabilities do have an influence on poor performance and, hence, the exit decision. This generally supports the theory of competitive advantage that current performance will influence subsequent strategic choice/change (Day and Wensley 1988). This research finding may also indicate a need to improve the framework for competitive advantage as proposed by Day and Wensley (1988). Specifically, the moderating role of marketing capabilities in performance and subsequent strategic choice/changes should also be included in the framework, in order to achieve a more exacting understanding of the theory.

6.2.11 Strategic Fit, International Marketing Capabilities, and Exit from the Foreign Market

The results provide no support for the moderating role of marketing capabilities in the relationship between internal strategic fit and the likelihood of exit. Specifically, although the impact of the negative relationship between the strategic fit between a foreign affiliate and its headquarters on the foreign affiliate's exit from the foreign market is weaker for a high level of marketing capability than a low level of marketing capability, the difference between two is not significant. This means that once the strategy of a foreign affiliate loses its fit with that of the headquarters, it is very likely that the foreign affiliate will exit the foreign market, regardless of the level of its marketing capability. The results once again confirm the important role of internal strategic fit in the likelihood of a foreign affiliate's exit from the foreign market, as argued by previous studies (Boddewyn 1979b; Markides and Berg 1992).

Combined with the results related to the internal strategic fit among the marketing-mix adaptation, this finding also indicates that internal strategic fit plays an important role in a foreign affiliate's operation in a foreign market. Specifically, the internal strategic fit among the marketing-mix adaptation helps a foreign affiliate to achieve superior performance (Venkatraman and Walker 1989), and the strategic fit between the foreign affiliate and its headquarters prevents its exit from the foreign market (Markides and Berg 1992).

6.3 THE ESPS (ENVIRONMENT-STRATEGY-PERFORMANCE-STRATEGY) MODEL AS A WHOLE

Taking the ESPS model as a whole, the results generate important insights into multinational companies' international dynamic operations as the causal links in respect of environment, strategy, performance, and subsequent strategy, are identified and explained. Firstly, the results of the ES link show that after controlling for the influence of firm size, firm experience, product type, and stage of the PLC, multinationals are more likely to adapt their international marketing-mix strategy to address the local needs in a foreign market when: (1) the environment (including economy, politics, regulations) between Chinese market and host market is very different; (2) competition in the foreign market is less intensive; (3) the decision-making structure is less centralised; and (4) the degree of internationalisation is very low. Multinationals are also more likely to adapt their international product and distribution strategy when they receive relevant governmental assistance.

Secondly, moving a step forward to the SP link, the results demonstrate that in general the strategic co-alignment among the international marketing-mix adaptation (as opposed to each dimension being treated independently) substantially contributes to a foreign affiliate's international performance. However, formulating a co-aligned strategy among the international marketing-mix adaptation is likely to place a foreign affiliate in a disadvantageous position in the competition. There seems to be an inconsistency in the research findings - namely, a co-aligned marketing-mix adaptation strategy is detrimental to competitive advantage but favourable to superior performance. This indicates that multinationals are likely to be trapped in a dilemma when making decisions.

In order to solve this dilemma, it is necessary to consider a broader view of other theories, as a means of revealing boundary conditions in the research findings (Geletkanycz and Tepper 2012). In this case, the path dependency theory, which indicates that pre-set strategies often impose constraints on subsequent strategic decisions (Pierson 2000), may help in arriving at sound decisions. Specifically, a firm's generic competitive strategy (i.e. cost-leadership, differentiate, and focus) is formulated at the firm level and usually decided earlier in time (Porter 1980; Solberg 2008), whereas international marketing strategy performs functionally and works at a lower level within the firm (Leonidou, Katsikeas, and Samiee 2002). Therefore, a foreign affiliate's international marketing strategy should be subordinate to its multinational's generic strategy. In this case, a co-aligned marketing-mix strategy could also enjoy competitive advantage by reflecting the philosophy of the generic strategy. For instance, if a differentiated generic strategy is chosen, matching it with a co-aligned marketing-mix adaptation strategy could better reflect the philosophy of the generic strategy. As a result, the co-aligned marketing-mix adaptation strategy could lead to a differentiated advantage, as argued by previous studies (Hughes et al. 2010).

Thirdly, moving one more step further to the PS link, the results confirm that both poor performance and strategic misfit are important triggers of a foreign affiliate's exit from a foreign market. This is noteworthy because previous empirical studies have narrowly focused on poor performance (Berry 2013). By counting in the role of strategic misfit in explaining multinationals' exit behaviour, the study both expands research on

international exit, and enriches the understanding of fit theory by focusing on the internal strategic fit (Thornhill and Amit 2001).

Finally, considering the effect of international marketing capabilities throughout the SPS link, the results contribute to a better understanding of the role of international marketing capabilities in multinationals' international operations. The results of the four moderation tests suggest that: (1) marketing capability contributes to competitive advantage, (2) compared with low marketing capability, a high level of marketing capability does not help a co-aligned marketing-mix strategy to significantly further enhance its performance, but (3) to some extent it helps a foreign affiliate to gain some competitive advantage, (4) a high level of international marketing capability increases the likelihood of exit when a foreign affiliate yields poor performance, whereas (5) it has no moderating effect on the exit decision when a foreign affiliate does not have a strategic fit with the headquarters.

Taken altogether, these findings indicate that in general, the possession of marketing capability contributes to a foreign affiliate's accumulation of competitive advantage, and helps a foreign affiliate to regain some competitive advantage when marketing strategy is not competitive. Marketing capability also accelerates a foreign affiliate's exit decision when the foreign affiliate yields poor performance. Therefore, the findings show that apart from its direct impact on competitive advantage, marketing capability could also act as a moderator under the ESPS paradigm. This is very important because previous studies only focus on the direct effect of capabilities, whereas by examining the moderating role of capabilities (such as marketing capabilities) it is possible to identify a

more exacting relationship (Haeussler, Patzelt, and Zahra 2012; Ortega 2010). This is also likely to advance current theories (e.g. dynamic capabilities theory, and the theory of competitive advantage) that incorporate the role of marketing capabilities.

CHAPTER 7: CONCLUSION

This chapter brings together the main findings of the thesis and presents the key conclusions of the study. First, the major research contributions in terms of theory, and the implications for managers are discussed. Subsequently, the main limitations of the research are considered, and since limitations provide opportunities for future research, the chapter ends with some suggestions for further research.

7.1 RESEARCH IMPLICATIONS

This section begins with a discussion of the theoretical implication, and then proceeds to identify a number of implications for managers.

7.1.1 Theoretical Implications

Within this study, notions from several existing theories, including the ESP paradigm, fit theory, dynamic capabilities theory, and the theory of competitive advantage, are drawn and used as underpinnings for the models developed. Consequently, the research findings have generated some new insights into how all of these theories can be developed. In addition, the results also have theoretical implications for the research on international exit behaviour.

7.1.1.1 From the ESP paradigm to the ESPS paradigm

The ESP paradigm explains the sequential causal link between environment, strategy, and international performance (Child 1972). The majority of previous studies on the link between international marketing strategy and performance rely on this paradigm (Sousa 2004; Zou and Stan 1998). This study's findings confirm and extend the ESP paradigm to the ESPS paradigm by showing that present performance acts practically as an important determinant of firms' subsequent strategic choices, including those related to exit. This extension is of great value because it emphasises the dynamic nature of strategic business decisions and enables an exploration of the fundamental strategic causes of international exit behaviour. As a result, both the research on the international marketing strategy-performance link, and on international exit behaviour, can be advanced by this study's outcomes.

Specifically, previous studies on the strategy-performance link yield great insights into whether, when, and how, international marketing strategy (i.e. innovation, positioning, new product development, standardisation/adaptation) influences international performance (e.g. Albaum and Tse 2001; Cavusgil and Zou 1994; Lee 2010; Leonidou, Katsikeas, and Samiee 2002; Myers 1997). International performance is usually the endpoint of extant research, and consequently, the implication of multinationals' international performance on their subsequent foreign operations is not known. However, by extension, this research shows that the international performance of a foreign affiliate definitely influences the subsequent strategic decision of whether that affiliate is withdrawn from the foreign market. This finding is also consistent with the argument from the theory of competitive advantage that in a dynamic cycle, performance

influences subsequent strategic choice (Day and Wensley 1988). Therefore, the extension to the ESPS paradigm not only advances our understanding of international marketing strategy, but also connects the ESP paradigm with the theory of competitive advantage. The research findings are valuable for scholars interested in international marketing strategy and competitive advantage.

In addition, the findings indicate that international marketing strategy not only impacts on international performance, but also indirectly influences subsequent exit decisions. This is shown by moving along the causal link under the ESPS paradigm, which allowed for an examination of how the international marketing strategy of a foreign affiliate may influence its subsequent strategic exit decisions (Porter 1991). This is a very important research finding because of its potential far-reaching impact on international companies' strategic decisions. It could help multinationals to prevent themselves from falling into a decision trap: "a decision that seems to help in a short term but is counterproductive in the long term" (Van Oorschot et al. 2013, p.303). For instance, based on the current ESP paradigm, a foreign affiliate may choose a strategy which does not fit the headquarters' overall strategy well, because it will only lead to superior performance in the short term. However, if they base their strategy on the ESPS causal link, a foreign affiliate's decision-makers may find that their proposed strategy is at odds with that of the headquarters, and is likely to trigger its exit from the foreign market, and in this situation they will search alternative strategies for the change-stability paradox (Klarner and Raisch 2013; Poole and van de Ven 1989). As such, research findings based on the ESPS paradigm may positively shape firms' strategic decision-making to become more long-term oriented.

Previous studies on exit behaviour have discovered a variety of factors which influence the likelihood of exit, such as performance, firm size, firm age, diversification, productivity (Berry 2010a; Dewaelheyns and Van Hulle 2006; Haynes, Thompson, and Wright 2000; Stavins 1995). As this research stream is still at an early stage, the vast majority of extant research focuses solely on *what* constitute the determinants of the likelihood of exit, and little effort has been made to understand *how* these factors influence the exit decision. By introducing the ESPS framework, where environment, strategy, and performance are clearly distinguished based on their causal links, this study has identified that a foreign affiliate's international performance, strategic fit, and other factors (e.g. firm size, firm age) lead to its exit decision through different paths. Therefore, the ESPS paradigm advances extant research on exit by presenting a more exacting research model. Subsequent research based on the ESPS framework will yield more precise findings.

7.1.1.2 Fit theory

The study has generated a few important insights into the understanding and application of fit theory. The concept of fit is very relevant to strategic management research, because in formulating an effective strategy, decision-makers need to jointly consider aligning organisational resources/capabilities with environmental opportunities/threats (Andrews 1971; Bourgeois 1980; Hofer 1975). According to Venkatraman (1989), there are six different perspectives of fit: fit as moderation, fit as mediation, fit as matching, fit as gestalts, fit as profile deviation, and fit as co-variation. Extant empirical research has generated deep insights into how a firm's strategy should fit with its external

environment and/or structure for superior performance from these perspectives (e.g. Katsikeas, Samiee, and Theodosiou 2006; Vorhies and Morgan 2003; Xu, Cavusgil, and White 2006; Zajac, Kraatz, and Bresser 2000). This can be regarded as the research stream of external strategic fit at the corporate level (Thornhill and Amit 2001). However, existing research has paid little attention to the need for ‘fit’ at other levels of strategy formulation, such as the functional, and business levels (Venkatraman and Walker 1989), which are also of great importance for the success of a business unit (Venkatraman and Walker 1989). Based on the Thornhill and Amit (2001) classification, the strategic fit at the function level and business level should be regarded as internal strategic fit.

To address this research gap, this study has examined the role of internal strategic fit for a foreign affiliate: strategic co-alignment/fit among marketing-mix adaptation (functional level) and strategic fit between a foreign affiliate and its headquarters (business level). The findings indicate that the strategic co-alignment/fit among marketing-mix adaptation has a good impact on a foreign affiliate’s international performance. In fact, the strategic fit between a foreign affiliate and its headquarters influences both the international performance and the exit decision.

By examining the strategic co-alignment among the four dimensions of the marketing-mix, this study has actually delivered a different philosophy regarding marketing strategy (Venkatraman 1990). Namely, it confirms that a firm’s international marketing strategy is an integrated strategy. Each dimension is only valuable/meaningful to the extent that it effectively supports the other three dimensions in the overall strategy (Grant and King 1982). Investigating the strategic co-alignment/internal consistency is one way to

demonstrate this philosophy. Research findings relating to this type of internal strategic fit produce a better understanding of whether and how the international marketing-mix strategy, as a whole, contributes to a firm's performance. This complements the previous rich findings on the relationship between each dimension of the strategy and a firm's performance. In addition, another important aspect of the internal strategic fit of a multinational company is the strategic fit between a foreign affiliate and its headquarters (Thornhill and Amit 2001). This type of internal strategic fit is important for the strategic practice of both foreign affiliates and headquarters (Grant and King 1982). Specifically, research findings could highlight whether and how important it is for headquarters and/or foreign affiliates to continuously maintain their strategic fit, and how damaging a strategic misfit between them might be. As such, new insights into foreign affiliates' survival and development can be generated.

In this respect, it is possible to argue that for a foreign affiliate, internal strategic fit both at the functional level and business level is of great importance to its survival and growth. Therefore, this research study enriches our understanding of strategic fit by shifting the emphasis from the well-acknowledged external strategy fit (strategy-environment fit) to the largely ignored internal strategic fit, which greatly expands the research scope of strategic fit (Thornhill and Amit 2001). The research findings on internal strategic fit, combined with previous findings of external strategy fit, will greatly deepen our understanding of the strategic decisions of a foreign affiliate. The fit theory is likely to be advanced as more research findings on both the external and internal strategic fit are combined.

7.1.1.3 Dynamic capabilities theory and the theory of competitive advantage

This study addresses the important issue of how to gain competitive advantage. With the aim of concentrating on the missing link between resource possession and resource exploitation (Teece 2007), the dynamic capabilities theory argues that capabilities, although built on resources, are more important in leading to a firm's competitive advantage (Newbert 2007; Teece, Pisano, and Shuen 1997). The theory of competitive advantage suggests that capabilities should be treated as a more important and more direct antecedent of competitive advantage (Day 1994). It also suggests that deriving from strategic choice, competitive advantage is an important antecedent of performance, which in turn influences subsequent strategic choice (Day and Wensley 1988). Based on the two theories, this study examines the interaction among international marketing capabilities, competitive advantage, and international performance. In general, the research findings support the argument coming from dynamic capabilities theory that international marketing capabilities have a direct and strongly positive impact on a firm's competitive advantage. In addition, the moderating role of international marketing capabilities in the international marketing strategy-competitive advantage relationship is also confirmed. Therefore, the research findings support the explanatory power of the dynamic capabilities theory.

In addition, by examining the SPS link, the research provides strong evidence for the claim by the theory of competitive advantage that strategic choice (including both strategy formulation and strategy implementation) is a necessary antecedent of competitive advantage, which in turn leads to superior performance. In a dynamic cycle, current performance subsequently shapes the strategic choice (in this case, to exit or

remain) (Day and Wensley 1988). Beyond this, the study has also confirmed the moderating role of marketing capabilities in the international marketing strategy-competitive advantage link, and the international performance-exit decision link. This is consistent with the existing argument that capabilities also act as a moderator other than a direct determinant (Haeussler, Patzelt, and Zahra 2012; Ortega 2010). The research finding also indicates that the current framework of competitive advantage can be improved because at present, it does not consider the moderating effect of marketing capability. By considering a more exacting model in which the moderating role of marketing capabilities in the strategy choice-competitive advantage link, and the current performance-subsequent strategic choice/changes link, research findings will be more precise.

7.1.2 Managerial Implications

This study aims to help managers to understand the big picture presented by the ESPS paradigm in an OFDI context. Specifically, it examines the ESPS paradigm by including environmental factors, international marketing strategy, international marketing capabilities, competitive intensity, international performance, internal strategic fit, and exit from a foreign market in the research model. The research findings have several implications for the practice of managers and public policy-makers.

Firstly, governmental assistance generally has an impact on a firm's selection of its marketing strategy – whether it opts for a more standardised or a more adapted

international marketing approach. I was also found that the influence of governmental assistance on each dimension of the marketing-mix strategy is different, with a greater influence on product and distribution adaptation, and a non-significant impact on price and promotion adaption. This indicates that the current governmental assistance in OFDI firms' international activities is unbalanced. In order to improve the overall performance of the OFDI firms' international operations, a more balanced support scheme may be needed.

Secondly, the study confirms that a centralised decision-making structure is positively associated with a more standardised international marketing strategy. This indicates that regarding the strategic decision on international marketing strategy, 'who (i.e. headquarters or foreign affiliates) makes the decision' may be a more important factor than the market situations, due to the different standpoints, knowledgeability, and sensitivity of the decision-makers. In this case, when the decision-making structure is centralised, if managers in a foreign affiliate prefer an adapted marketing strategy, an effective way may be not to try to change the headquarters' standpoints (because this would be very hard due to their responsibilities), but to communicate more about the real situations in the foreign market and increase their sensitivity to environmental differences. For headquarters' managers to make a wise decision on international marketing strategy, they may also need to show their willingness to know more about the specific market.

Thirdly, the research findings show that as the degree of internationalisation increases, firms tend to adopt a more standardised international marketing strategy. This is a

reasonable decision because a standardised marketing strategy enables a firm to enjoy the advantage of economies of scale. In addition, a consistent brand image derived from a standardised marketing strategy may also be beneficial to a firm's long-term performance, especially when the number of the foreign markets is large. However, whether a firm should make the change from a previous adapted strategy to a more standardised strategy is open to debate. Managers should also be aware of some side effects of the change. For instance, customers may get used to adapted products from the company, and then expect this adjustment to their situation to continue. If such a firm subsequently changes to offer more standardised products, customers may easily become dissatisfied, and this feeling is likely to damage any potential benefits of a standardised strategy.

Fourthly, managers should always be concerned about each dimension (i.e. product, promotion, price, distribution) of the international marketing-mix as a whole, instead of considering these elements independently. The research findings suggest that it is the strategic co-alignment among the four dimensions of the international marketing-mix adaptation, rather than each one of them, which influences the international performance of a foreign affiliate. Managers should pay special attention to this finding; namely, when formulating a firm's international marketing strategy, the four dimensions of the international marketing-mix strategy should be considered in an integrated manner. If there is no consideration of the strategic co-alignment/internal consistency among product adaptation, promotion adaptation, price adaptation, and distribution adaptation, then irrespective of however excellent each individual dimensional strategy might be, the positive influence of one dimensional strategy (e.g. product) is likely to be

offset by the negative influence of another dimensional strategy (e.g. price). This is detrimental to a firm's overall performance.

Fifthly, managers in a foreign affiliate should make a great effort to develop a high level of international marketing capability. In this connection, the research results show that international marketing capabilities contribute greatly to the development of a firm's competitive advantage, which in turn leads to superior performance. Additionally, when a foreign affiliate does not have an internal strategic fit with its headquarters, a high level of international marketing capability could save that foreign affiliate from being forced to exit the foreign market. Moreover, a high level of international marketing capability could help a firm to gain competitive advantage when a strategy itself does not bring competitive advantage, since that capability might allow for the strategy to be implemented in a more creative and productive way. Therefore, it is of great importance that managers in a foreign affiliate develop a high level of international marketing capability.

Sixthly, managers in a foreign affiliate should constantly review their international performance and the degree of their strategic fit with the headquarters because these two features are confirmed as extremely important triggers of decisions on whether to exit from the market or remain within it. The wise approach is to strive for satisfactory international performance, and meanwhile maintain a tight strategic fit with the headquarters whenever possible. Satisfactory international performance can be achieved by developing the strategic co-alignment among the four dimensions of the international marketing-mix adaptation strategy, and more importantly, constantly enhancing the

international marketing capabilities. A tight strategic fit with the headquarters can be achieved by frequently communicating with the headquarters' management. Notably, priority should be given to achieving satisfactory international performance, because unsatisfactory international performance is the fundamental trigger of the exit decision. Once this happens, the decision is unlikely to be changed, even if the foreign affiliate has a high level of marketing capability, as indicated by the research findings.

Finally, managers who are responsible for formulating international marketing strategy should be aware of the potential aforementioned 'decision trap' (Van Oorschot et al. 2013). The research findings demonstrate that internal strategic misfit between a foreign affiliate and its headquarters is likely to lead to its exit from the foreign market. In this case, managers should resist the temptation to choose a misfit strategy in favour of realising short-term superior performance, because this decision is likely to damage the affiliate's future survival and growth. A good way of avoiding this decision trap is to carefully consider the causal relationships among the variables in the ESPS model, especially the influence of current strategy on subsequent strategic choice. A more specific suggestion related to the research findings on the exit decision is to ensure that the foreign affiliate's strategy always fits with that of its headquarters, as this is more likely to secure its survival.

7.2 RESEARCH LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study has a few limitations, which set the directions for future research. The first possible limitation is that in order to remain focused in the study, only two possible triggers concerned with the decision regarding a foreign affiliate's exit, were explored, these being, poor performance of a foreign affiliate, and strategic misfit between a foreign affiliate and its headquarters. Although these two aspects are considered to be the most important reasons (Boddewyn 1979b; Markides and Berg 1992; Palmer and Quinn 2007), there are other aspects such as organisational and personal factors which could also influence the final exit decision. Therefore, subsequent research should also consider other relevant factors (e.g. poor communications, organisational changes, and poor staffing). This overall factor is also related to the second possible limitation of this study, namely, that some relevant moderating and/or mediating variables were not embodied within the PS (the international performance-exit strategy) part of the model. This decision was taken because it was considered appropriate to propose a simple model as the initial step in the research in order to grasp the main effects, but a more comprehensive model would be preferable in the future as this would afford a deeper appreciation of this topic. Therefore, there is room for further research efforts. Subsequent studies should consider expanding the PS model to include more moderators for more exacting research findings. Specifically, escalation of commitment (Staw 1981), career self-interests (Guth and MacMillan 1986), self-efficacy (Whyte, Saks, and Hook 1997), environmental uncertainty (Belderbos and Zou 2009), and groupthink (Janis 1983) are also likely to have some impact on the final exit decision when the triggers (e.g. poor performance, strategic misfit) are present. Unfolding the potential effects of these moderators allows for a more precise model, thereby yielding more articulate research findings.

Another possible limitation is that the number of sampled companies is relatively small. Although it is true that the sample size is comparable to that used in previous studies which also used multiple respondents (e.g. Glick et al. 1990), caution should be exercised in interpreting test results and drawing conclusions. Therefore, future research based on a larger sample size is recommended in order to increase the statistical power of the research findings. It is also suggested that more data could be collected from the companies in the study's sampling frame.

The fourth limitation is that in respect of affiliates' international performance, subjective self-reported subjective data are used. Although it is preferable to measure this variable with both subjective and objective data, the objective data collected included missing values and this represents a flaw. This occurred because managers treat the objective performance data as private information and are unwilling to share this. With less time limitation, future researchers should try to obtain such missing values from archive data.

The fifth limitation concerns the generalisability of the research findings, which may not be wide since the focus was precisely on Chinese OFDI firms, and thus, the findings may not be the same in other countries. Therefore, caution should be exercised when generalising these results to other research contexts.

The final limitation concerns the fact that cross-sectional data were used to capture the dynamic model. Although panel data are preferable for examining the model, the very simple database of Chinese OFDI firms did not allow the model to be tested in this way.

As the database becomes more developed, future research could examine the model with panel data and more insights are likely to be generated.

Despite these potential limitations, it is believed that the findings could be useful to managers in their formulation and implementation of strategy.

In addition to the directions for future research identified as a result of the study's limitation, some other opportunities for further study have also been identified as follows.

Firstly, future research on the environment-international marketing strategy link should be considered in relation to government assistance. This variable is largely ignored in previous studies, but the current study's findings indicate that governmental assistance has an impact on a foreign affiliate's choice of international marketing strategy. Whilst its significant influence is only found in respect of product adaptation and distribution adaptation, and that influence is attributed to the unbalanced Chinese government assistance policy, this may not be the only reason. Therefore, it is worthwhile for future research to re-examine the role of government assistance whether in China or in other countries, since from such efforts it is likely that new insights will be generated.

Secondly, future research may reconsider the influence of competitive intensity on firms' international marketing standardisation/adaptation. Although the majority of the previous studies confirmed that competitive intensity usually encourages firms to adapt

their international marketing strategy to achieve superior performance, the study's findings reveal another way in which some firms may choose to compete. Specifically, as the chance of good performance decreases due to competition, firms may prefer a less expensive way to compete (i.e. choose a more standardised marketing strategy) in the foreign market. However, whether and how, this finding can be generalised should be investigated by future research.

Thirdly, future research should allocate more attention to the relationship between the degree of internationalisation, and the international marketing standardisation/adaptation. Although largely neglected by extant research, our study indicates that as far as this relationship is concerned, as multinationals' internationalisation progresses, they are more likely to standardise their international marketing strategies to enjoy the benefit of economies of scale. However, this contradicts the outcomes of previous research in the exporting context that has found firms are more likely to adapt their strategy. Due to this inconsistency in research findings, future research on the topic will produce more evidence of the actual influence exerted by the degree of internationalisation. Based on conflicting findings, a more promising direction is to examine whether the relationship between the degree of internationalisation and international marketing adaptation is non-linear (inverted 'U' shape). That is to say, to determine whether firms are likely to adapt their international marketing strategy as the internationalisation progresses, but to standardise beyond a certain point, when the benefits of economies of scale become available and important.

Fourthly, future research should re-consider the relationship between strategic co-alignment among the marketing-mix adaptation and competitive advantage. The unexpected findings of this study show that the strategic co-alignment among the marketing-mix adaptation damages a foreign affiliate's competitive advantage, because this conflicts with the notion of competitive strategy requiring a strong focus (Porter 1980). Therefore, a more exacting research model where the co-alignment is linked with one specific competitive strategy (e.g. differentiation) may generate different results, and in doing so greatly advance the existing understanding of the relationship involved in this case.

Fifthly, future research should give attention to the moderating role of marketing capability. Although it makes good theoretical sense to examine the moderating role of capabilities, extant research has made little effort in this respect (Haeussler, Patzelt, and Zahra 2012; Ortega 2010). This study, has however, confirmed that in addition to the direct impacts, marketing capability also enhances a firm's competitive advantage given a chosen strategy, and accelerates a foreign affiliate's exit decision given the presence of poor performance. Considering the moderating effects often allows for a more precise understanding of the phenomenon by distinguishing different contingent factors (Frazier, Tix, and Barron 2004). By distinguishing different levels of marketing capability, future research findings could forecast whether and when the marketing capability of a foreign affiliate matters in the context of a series of strategic decisions such as international marketing adaptation and exit from the foreign market. This could especially benefit managers in as much as their strategic decision-making could be improved as a result of their levels of marketing capability.

Sixthly, future research may consider studying the exit behaviour from other multiple perspectives, which are consistent with the suggestions deriving from the literature review. FDI firms' exit behaviour cannot be explained by a single theoretical basis from a single disciplinary perspective (Geroski, Mata, and Portugal 2010; Shimizu 2007), because the exit phenomenon per se is so pervasive and comprehensive in practice that it goes beyond disciplinary boundaries. Therefore, in order to understand the exit behaviour more appropriately, it is essential to link different theoretical perspectives together, because each theory offers a plausible, but only a partial, explanation of the whole phenomenon (Lewis and Grimes 1999). Although the current study has already considered the potential for examining the exit behaviour from multiple perspectives, some other perspectives, which are proposed in previous studies, also merit further examination. For instance, from the real option theory (Alvarez 1999), and the resource advantage theory (Griffith and Yalcinkaya 2010), one can highlight the factors that are likely to prevent FDI firms from considering exiting from a foreign market in the presence of the important triggers. These factors can be treated as first-wave buffers. Further, the agency theory (Eisenhardt 1989) helps to identify the important role of the 'escalation of commitment' phenomenon (Staw 1981), a second-wave buffer of FDI firms' exit behaviour, which appears during the course of managers' decision-making. In this way, one captures a complete picture of FDI firms' exit behaviour, including the determinants/triggers, and the paths from the triggers to the final exit decision, thereby affording a complete appreciation for researchers and managers.

Seventhly, as an extension of our current work, future research may also consider examining the performance implication of exiting from the foreign markets, which is always of interest to stakeholders. However, a big challenge lies in specifying the boundary (either time or scope) and the operationalisation of the performance. Previous studies have examined the post-acquisition performance, where the measurement of performance is always a concern (King et al. 2004). For post-exit performance, it may be more difficult to define because part of the foreign business does not exist any longer. Therefore, in order to investigate this topic more efforts should be made in the methodological aspects.

Finally, to achieve a larger picture of the research stream, based on the research findings of this study, subsequent research efforts could also further explore the links between entry, expansion, and exit behaviour in international marketing. This is a heavy task and substantial effort is required, but the potential contributions will be a great reward. For scholars who are interested in grasping the interactions among entry strategy, expansion strategy, and exit over the dynamic business cycle, this might be a promising research direction, which will result in substantial benefit for both researchers and managers.

APPENDICES

Appendix 1. Summary of Studies on Exit Behaviour

Author (Year)	Theoretical basis	Disc.	Key word (Context)	Focus of the study				
				Antecedent	Sign	Focused construct	Sign	Consequence
1. Burd (1941)	NA	M	E (US)	Firm/Store age	-	Likelihood of exit		
2. Weiss (1965)	NA	IO	E (US)			Exit	+	Changes in concentration
3. (Bettauer 1967)	NA	SM	D1	A three-stage guideline for deciding on, planning, and carrying out a divestment				
4. Hayes (1969)	NA	SM	D2	Optimal strategies for divestiture				
5. Hayes (1972)	NA	SM	D1, D2	Recommendations on how companies might rationalise their approaches to divestment opportunities.				
6. (Boddewyn and Torneden 1973)	Life cycle theory	IB	D1 (US*)	A conclusion that foreign divestment is increasingly important and its process deserves to be better known.				
7. Wallender (1973)	NA	IB	D1 (US*)	A four-step guideline of a divestment programme: FAST (Flagging, Analysis, Separation, and Termination)				
8. Davis (1974)	Life cycle theory, BCG growth-share matrix	SM	D1	A planning and analytical framework for dealing with divestments				
9. Tornedon and Boddewyn (1974)	NA	IB	D1 (US*)	An analysis of the reasons for the mistakes which are likely to be made during a foreign divestment decision process, based on a case study				
10. Boudreaux (1975)	Valuation theory	F	D2 (US)			(1) Voluntary divestiture (2) Involuntary divestiture	+ -	Price movement in the Security of divesting firm
11. Müller (1976)	NA	IO	E (Germany)			Exit	ns	Industrial concentration
12. Porter (1976)	NA	SM	E, D1 (US)	(1) Investment intensity (2) Differentiation (3) Capacity utilisation (4) Relative price/cost (5) Shared facilities (6) Internal purchase (7) Internal selling (8) Overall diversity (9) Shared marketing expenditures (10) Shared distribution	- ns	Likelihood of exit		

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
13. Sachdev (1976)	NA	IB	D3, W (UK*)	A focus on divestiture issues at the interface between multinational corporations and host government			
14. Chopra, Boddewyn, and Torneden (1978)	Life cycle theory	IB	D1 (US*)	(1) Firm size (2) Degree of internationalisation	+	Number of divestment	
15. Nees (1978)	Contingency theory	IO	D1, D2, D3 (US, Europe)	A detailed description of divestment decision making process based on 14 cases in the US and Europe			
16. Boddewyn (1979a)	NA	IB	D1, D3, C (*)	A summary of the differences between local and foreign divestments, and European and US divestments			
17. Boddewyn (1979b)	NA	IB	D1 (*)	A summary of key factors which lead to foreign divestments, with the emphasis on the strategic dimensions.			
18. Lindsey (1979)	NA	IO	E (Philippines)	Firm ranking	+	Firm turnover	
19. Harrigan (1980)	NA	SM	E, D2 (US)	Strategic importance	- ³	Likelihood of exit	
20. Harrigan (1981)	NA	SM	E, D2 (US)	(1) Product quality (2) Presence of strong customer industry (3) Distribution channel relationship (4) Economic exit barrier (5) Expectation of demand	-	Likelihood of exit ⁴	
				(6) Facilities shared with other businesses			
				(7) Losses from operation	+		
					ns		
21. Nees (1981)	NA	SM	D1, D2 (US, Europe)	A demonstration of the crucial role of line management's cooperation in successful/effective divestments, based on the divestment decision making processes of 14 cases in the US and European countries.			
22. Gort and Konakayama (1982)	Life cycle theory	IO	E (US)	(1) Innovations associated with patent rate (2) Relative advantage of intangible capital	+	Gross exit	
				(3) Number of innovations			

³ This relationship is not significant for declining industries.

⁴ We only presented the hypothesised relationships in the model.

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
23. Harrigan (1982a)	Survival theory	SM	E (US)	(1) Excess capacity (2) Sales growth of core competitors (3) Capital requirement	+	Likelihood of exit		
				(4) Index of attractiveness	-			
				(5) Changes in technological scale (6) Past performance (7) Vintage of capital (8) Advertising	ns			
24. Harrigan (1982b)	NA	SM	E	Suggestions on how firms might better prepare for the declining demand: by managing their own exit barriers and making strategic investments to affect the level of their competitors' exit barriers.				
25. Pearce (1982)	NA	IB	D2	Suggesting that firms should consider divestiture as one of the firms' grand strategies				
26. Boddewyn (1983)	NA	IB	D1 (*)	A summary of the differences between domestic and foreign divestment decisions				
27. Hite and Owers (1983)	NA	F	D2 (US)			Announcement of spin-off	+	Excess return
28. Davidson and McFetridge (1984)	NA	IB	D1 (US*)	(1)Newness of the foreign affiliate (2)Relatedness with parent firms' business (3)Sales amount of the foreign affiliate (4)Parent's percentage of sales abroad (5)Parent's growth rate of foreign sales	-	Likelihood of exit		
				(6)Age of the foreign affiliate (7)Establishment (acquired → formed)	ns			
29. Duhaime and Grant (1984)	Life cycle theory, endgame theory, corporate portfolio theory	SM	D1 (US)	(1) Firm financial strength (2) Unit interdependency with other units (3) Managerial attachment	-	Decision to divest		
				(4) Unit financial strength (5) General economic growth	ns			

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign
30. Hearth and Zaima (1984)	NA	F	D2 (US)		(1) Voluntary divestitures	+	Shareholders' wealth
					(2) Size of divestiture	+ ⁵	Excess returns
31. Eriksson (1984)	Industry supply	IO	E (US)	Cost of entry	-	Exit rate	
32. Montgomery, Thomas, and Kamath (1984)	Capital market theory	SM	D2 (US)		(1) Strategic divestiture	+	Share value
					(2) Non-strategic divestiture	-	
33. Rosenfield (1984)	Agency theory, sufficient market theory	F	D2 (US)		(1) Spin-off announcement (2) Sell-off announcement	+	Stock price
34. Wagner, Emkin, and Dixon (1984)	NA	F	D1 (US*)		Divestment restriction	+	(1) Investment risk
						-	(2) Cost of research
							(3) Investment opportunities
35. Boddewyn (1985)	FDI theory	IB	D1	The development of a FDD (Foreign Direct Divestment) theory by reversing FDI theory from the paradigm of Aristotle's 'Condition-Motivation-Participating circumstance'.			
36. Duhaime and Schwenk (1985)	Cognitive simplification theory	SM	D1	An explanation of the four types of cognitive simplification processes during the divestment decision making process, and suggestions on the future research directions.			
37. Ghemawat and Nalebuff (1985)	Cournot-Nash equilibrium	IO	E	Introduction of a unique perfect equilibrium for firms with asymmetric market shares and identical unit costs. The conclusion is that largest firm is the first to leave and the smallest firm the last.			
38. Harrigan (1985)	NA	SM	E (US)	(1) Diseconomies of scale	+	Level of exit barrier	
				(2) Product differentiation			
				(3) Number of vertically integrated stages			
				(4) Ownership (Partially → wholly owned)			
			(5) Degree of backward integration				
			(6) Synergies with upstream businesses				
			(7) Expectations of sales growth	ns			
			(8) Degree of forward integration	-			

⁵ This relationship is moderated by the financial condition of divesting firm

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign Consequences	
39. Ennis and Parkhill (1986)	NA	F	D1 (US*)		Divestment	+	(1) Concentration of investment (2) Cost of administering investment	
40. Fudenberg and Tirole (1986)	NA	IO	E	The development of a theory of exit in duopoly, which suggests that a firm exits when it learns that stay would be unprofitable due to its rival's strength.				
41. Hearth and Zaima (1986)	NA	F	D2 (US)		Voluntary sell-off	+/- ⁶	Shareholders' wealth	
42. Klein (1986)	NA	F	D2 (US)		(1) Sell-off announcement (2) Size of divestiture	+ +	Excess return Announcement day return	
43. Tunstall (1986)	NA	SM	D2	An analysis on the impact of divestiture on AT&T's changes in culture				
44. Beaty and Harari (1987)	NA	SM	D1, D3, W (US*)	An analysis on the possible consequences of US multinationals' disinvestment from South Africa				
45. Clarke and Gall (1987)	NA	SM	D1	An exploration of the crucial role of a well-planned divestment in value creation based on a five-step approach				
46. Davidson and McDonald (1987)	NA	F	D2 (US)		Royalty trust spin-off	+	Abnormal return	
47. Duhaime and Baird (1987)	Corporate portfolio theory	SM	D1 (US)	Financial performance	-	Unit size of divestment	+	(1) Divestment reason (aggressive → defensive) (2) Involved management (vision → top managers)
48. Hudson (1987)	NA	F	C (UK)	(1)Firm age	+	Liquidation type (compulsory → voluntary)		
				(2) Industry (manufacturing → non-manufacturing)	-	Exit risk in initial years		
				(3) Region (unemployment rate)	+	Age of divested firms		
49. Skantz and Marchesini (1987)	NA	F	D2 (US)		Voluntary liquidation announcement	+	Stock price	
50. Shapiro and Khemani (1987)	NA	IO	E (Canada)	Entry rate	+	Exit rate		

⁶The direction of the effect depends on the individual characteristics and circumstances.

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
51. Singer and Walt (1987)	Theory of moral sentiment	BE	D1 (*)	A focus on the multinationals' consciousness to identify morally right strategic alternatives, which integrate ethics with normative decision theory.				
52. Wright and Thompson (1987)	Contingency theory, expectancy theory	A	D1	An analysis on the conditions under which the divestment should be considered as an appropriate strategy				
53. Bond (1988)	NA	BE	D1 (US*)	An analysis on whether US multinationals should divest from South Africa for the sake of morality/ethics				
54. Crandall (1988)	NA	IO	D2	An analysis on the relationship between deregulation of telephone industry and AT&T's divestiture				
55. Denning (1988)	NA	A	D1 (US)			Spin-off announcement	ns ⁷	Security returns
56. Frank (1988)	NA	IO	E (US)	(1)Revenue	-	Likelihood of exit		
				(2)Sunk cost	+	Time lag of exit		
57. Ghertman (1988)	NA	IB	D1, D2, C (*)	An analysis on the roles of parents and subsidiaries in foreign divestment. Based on three in-depth analyses of different types of restructuring decisions, the author concludes that the foreign subsidiaries seem to carry most of the decision-making effort for their own plant closures, whereas for strategic portfolio re-adjustments during which they change owners, they are not consulted.				
58. Lansing and Kuruvilla (1988)	NA	BE	D1, W (US*)	An analysis on the practical consequences of US multinationals' withdrawal from South Africa, and suggestions that US multinationals' continued presence in South Africa may be the better from the perspective of ethics.				
59. Montgomery and Thomas (1988)	NA	SM	D1 (US)	(1) Performance	-	Likelihood of divestment		
				(2) Improvement of short-term performance	ns	Stock market value		
60. Dixit (1989)	Marshallian theory	IO	E	Introducing a model where hysteresis plays an important role during exit decisions under uncertainty				
61. Nelson, Braden, and Roh (1989)	Fixed asset theory	IO	D3	As investigation on the asymmetry between investment and disinvestment based on 24 cases. The results indicate that 12 cases are non-significant, four cases are weak, and eight cases are significant				
62. Norcia (1989)	Political economy	BE	D2 (*)	A guidance on how the MNCs in South Africa make ethic choices including disinvestment, from the perspective of political economy.				
63. Denning and Shastri (1990)	NA	F	D1, D2 (US)			Voluntary divestment	ns	stockholder return

⁷ Relationship is moderated by managerial motivation

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
64. Ghemawat and Nalebuff (1990)	Subgame-perfect equilibrium	IO	E (US)	Firm size	-	Exit time (early → late)	
65. Lieberman (1990)	NA	IO	E, C (US)	Firm size	-	Exit rate	
66. Londregan (1990)	Life cycle theory	IO	E	A model on the entry and exit decisions of rival firms over the industry life cycle, where re-entry barriers can also become exit barriers and the ‘large’ firms can still be induced to exit as soon as duopoly profits become negative			
67. Mauer and Lewellen (1990)	NA	F	D2	Introducing a model to explain the higher abnormal stock returns observed for spin-offs than for divestitures			
68. Sinha (1990)	NA	SM	D1 (US)	A conclusion that formal strategic planning contribute more in divestment decision than in other strategic decisions			
69. Wright et al. (1990)	NA	IB	D1 (UK)	An analysis on the divestment regarding its types, rationale, and potential issues after the buyout			
70. Baldwin and Gorecki (1991)	NA	IO	E, C (Canada)		-	Exit rate	- Entry rate
				Firm size	+	Exit type (close-down → divestiture)	
71. Hopkins (1991)	Acquisition motivation	SM	D2 (US)	(1) Attractiveness of competitive position (2) Attractiveness of home industry	+	Divestiture	
72. Schary (1991)	NA	IO	E (UK)	(1) Profitability (2) Firm size (3) Financial characteristics (debt/equity ratio; amount of working capital)	ns	Likelihood of exit	
				(4) Uncertainty	+		
73. Slovin, Sushka, and Polonchek (1991)	NA	F	D2 (US)			Divestiture announcement	+ Excess return
74. Afshar, Taffler, and Sudarsanam (1992)	Value Additivity theory	F	D1 (UK)			(1) Corporate divestment (2) Size of divestment	+ Shareholders' wealth
						(1) Announcement of management buyout	+ Negative excess return
75. Briston et al. (1992)	NA	F	D1 (UK)			(2) Size of divested unit	- Excess shareholder return
76. Hopenhayn (1992)	Industry equilibrium theory	IO	E	Introducing an industry equilibrium model via stationary equilibrium analysis, which extends standard long-run industry equilibrium to account for entry, exit, and firm dynamics			

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
77. Lippman and Rumelt (1992)	Theory of the firm	IO	E	Introducing a model to explain/predict the time of exit within an industry			
78. Mangaliso (1992)	Ted Gurr's theory	BE	W (*)	Suggesting that the corporate withdrawal strategy proved to be the most effective catalytic role MNCs could play in the transformation of South Africa society.			
79. Markides and Berg (1992)	NA	SM	D1, D2, D3	A review article on differentiating different types of divestment based on their effects on the stock market's reaction			
80. Tsetsekos and Gombola (1992)	NA	IB	D1 (US*)			Announcement of foreign plan closing	ns Negative stock price reaction
81. Woo, Willard, and Daellenbach (1992)	Transaction cost theory	SM	D2 (US)			(1)Divestiture (2)Relatedness between parents and spin-offs	ns Performance improvement of spin-offs
82. Cebenoyan and Cooperman (1993)	NA	IO	C (US)	Firm inefficiency	+	Regulatory closure of savings and loans	
83. Chow and Hamilton (1993)	NA	P	D1	A review article on different strands of the divestment literature that have been developing over the last 20 years, including industrial organisation (IO), finance, and corporate strategy			
84. Fershtman and Kalai (1993)	Game theory	IO	D2, E	Introducing a model to demonstrate that when an incumbent firm operates in several markets, an entry to one market may induce the incumbent to exit from another market, in order to 'concentrate' on the competition.			
85. Hamilton and Chow (1993)	NA	SM	D1	An analysis on the relative importance of the factors and motives which led to the divestment, based on a case study			
86. Ross and Staw (1993)	Organisational theory	SM	E	Addressing how an organisation should solve the issue of 'escalation of commitment' at the organisational level			
87. Seth and Easterwood (1993)	Finance theory	SM	D1	An analysis of the relationship between divestment strategy and pre-buyout diversification type; An evaluation of the strategic rationale for different types of restructuring activity undertaken by MBO firms in the post-buyout period			
88. Singh (1993)	Review article	SM	D2	A review study on corporate restructuring, by examining representative studies of acquisitions, divestitures and management buyouts			

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign
89. Hoskisson, Johnson, and Moesel (1994)	Agency theory	SM	D1, D2, D3 (US)	(1) Relative accounting performance	ns	Corporate divestiture intensity	
				(2) Relative market performance			
				(3) Relative debt intensity	+		
				(4) Relative product diversification			
				(5) Relative firm size			
90. Meznar, Nigh, and Kwok (1994)	Stakeholder theory	SM	D1, W (US*)	(6) Relative market performance	-	Number of divestiture	
				(7) Board outsider equity			
				(1) Announcement of withdrawal	-		
(2) Time of withdrawal (early → late)							
91. Mitchell (1994)	Ecological theory, evolutionary theory	SM	E, D2 (US)	(1) Business sales	-	(1) Dissolve business	
					ns	(2) Sell business	
				(2) Business age	-	(3) Dissolve business	
					+	(4) Sell business	
				(3) Firm characteristics (start-ups → diversifying firms)	ns	(5) Likelihood of dissolve business	
92. Wright et al. (1994)	Life cycle theory	SM	E (UK)	Firm ownership of the buy-outs (private → public and non-UK parents)	+	(1) Exit rate	
Size of buyout	(2) Exit time (early → late)						
93. Cabral (1995)	Sunk cost theory	IO	E	Introducing a model where exit rate and growth rate is positively related.			
94. Drummond (1995)	Escalation theory, decision dilemma theory	SM	W	Introducing a model of de-escalation to explain the conditions under which the de-escalation is likely to occur during the withdrawal decision process.			
95. John and Ofek (1995)	NA	F	D2 (US)			(1) Divestiture	Cash flow changes of the remaining assets
						(2) Relatedness of divestiture	Sellers' stock price gains
96. Klepper and Miller (1995)	Shakeout theory	IO	E (US)	Introducing a model to explain the entry and exit coordination problem. The data shows that for shakeout product entry leads to exit.			

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
97. Li (1995)	FDI theory	SM	E (US*)	(1) Degree of diversification (2) Entry type1 (greenfield → acquisition) (3) Entry type2 (greenfield → joint venture) (4) Entry nature (first time entry → subsequent entry)	+	Likelihood of exit		
98. Loh and Bezjak (1995)	NA	F	D2 (US)			(1) Sell-off announcement (not for anti-takeover) (2) Sell-off announcement (for anti-takeover)	+	Abnormal return
99. Mukherjee, Hingorani, and Lee (1995)	NA	F	D1 (US*)			(1) Voluntary divestiture (2) Mandatory divestiture	- ns	Shareholders' wealth
100. Stavins (1995)	NA	IO	E (US)	(1) Operation age (2) Firm age (3) Entrant characteristics (new → old)	+	Likelihood of exit		
101. Weisbach (1995)	Agency theory	F	D2 (US)	CEO turnover	+	Divestiture of acquired divisions		
102. Agarwal and Gort (1996)	PLC theory	IO	E (US)	Entry rate	+	Exit rate		
103. Boone and van Witteloostuijn (1996)	Agency theory, resource partitioning theory	IO	E (Netherlands)	(1) Competitive density (2) Market demand (3) Size of entrant (4) Proportion of owner-managers (5) Education level of personnel (6) Experience of personnel	+	Exit rate		
104. Johnson (1996)	NA	SM	D2	A review article on empirical studies on the antecedents of corporate refocusing (including divestitures)				
105. Khan and Mehta (1996)	NA	F	D2 (US)	(1) Marginal return (2) Operating risk	- -	Voluntary divestiture Form of divestiture (sell-off → spin-off)		

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
106. Klepper (1996)	Industry evolution theory	IO	E	Introducing a model to explain the changes in entry, exit, growth, and innovation over the product life cycle; predicting that number of firms and innovation diversity will eventually wither			
107. Sueyoshi (1996)	NA	SM	D2 (Japan*)	An analysis of the interaction between Japanese government and foreign multinationals, based on the divestiture case of Nippon			
108. Troske (1996)	NA	IO	E (US)	An analysis of the different dynamic adjustment process of firm entry and exit in different industries; the data show that the dynamic adjustment process is more severe and prolonged in manufacturing than in FIRE			
109. Wright and Robbie (1996)	NA	SM	D1 (UK)	An examination of the role of invest-led buyouts (a new forms of buyouts) in corporate refocusing activities and relevant issues, based on in-depth interviews			
110. Baroncelli and Manaresi (1997)	NA	M	D1 (Italy)	Introducing franchising as a form of divestment under certain circumstances and its benefits			
111. Bergh (1997)	Agency theory	SM	D2 (US)	(1) Cash flow of the acquired firm	ns	Divestiture of unrelated acquisition	
				(2) Parent's debt-to-equity ratio			
				(3) Parent's current ratio			
				(4) Parent's SGA/sales ratio			
112. Bergh and Holbein (1997)	NA	SM	D2 (US)	(5) Parent's variability in revenue streams	+	Divestiture	
				(6) Parent's diversity			
				(7) Size of the acquired firm			
				(1) Diversification			
113. Gimeno et al. (1997)	Ecological theory, institutional theory, human capital theory	IO	E (US)	(2) Longitudinal changes in diversification	+	Likelihood of exit	
				(3) Blockholdings			
				(4) Organisational size			
				(5) Return on assets			
113. Gimeno et al. (1997)	Ecological theory, institutional theory, human capital theory	IO	E (US)	(6) Parents owned a business	-	Likelihood of exit	
				(7) Age of entrepreneur			
				(1) Managers' experience	ns	Likelihood of exit	
				(2) Formal education			
				(3) Supervisory experience			
				(4) Similar business (specific human capital)			
113. Gimeno et al. (1997)	Ecological theory, institutional theory, human capital theory	IO	E (US)	(5) Intrinsic motivation	-	Likelihood of exit	
				(6) Parents owned a business			
				(7) Age of entrepreneur			
				(1) Managers' experience	ns	Likelihood of exit	
				(2) Formal education			
				(3) Supervisory experience			
				(4) Similar business (specific human capital)			
113. Gimeno et al. (1997)	Ecological theory, institutional theory, human capital theory	IO	E (US)	(5) Intrinsic motivation	-	Likelihood of exit	
				(6) Parents owned a business			
				(7) Age of entrepreneur			
				(1) Managers' experience	ns	Likelihood of exit	
				(2) Formal education			
				(3) Supervisory experience			
				(4) Similar business (specific human capital)			

Appendix 1. Summary of Studies on Exit Behaviour (Continued)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign
114. Guedes and Parayre (1997)	Prospect theory	F	D2 (US)	(1) Announcement of a losing division (2) Announcement of a winning division	+ ns	Stock price reaction	
115. Klepper (1997)	PLC theory	IO	E	Explaining the role of firms' exit in industry life cycle, based on the notion of product life cycle			
116. Malone and Goodin (1997)	Utility theory, rights theory, justice theory	BE	D3 (US*)	Establishing a decision framework from which managers and investors can evaluate decisions which are similar to those of disinvestment of U.S. interests from South Africa			
117. Wright and Ferris (1997)	Agency theory	SM	D1 (US*)			Divestment announcement	+ Negative excess return
118. Alvarez (1998)	Theory of linear diffusions	IO	E, C	Introducing a model to find the optimal point for the firm to exit: the point where the marginal costs from continuing production equate with the value of the future productive options			
119. Bergh and Lawless (1998)	Agency theory	SM	D2 (Fortune 500 firms)	Product-market uncertainty	+	Divestiture	
120. Bragger et al. (1998)	Rational theory choice	P	E	(1) Uncertainty of feedback (2) Opportunity to purchase information	+ -	Delay of exit decision	
121. Campbell (1998)	Theory of business cycle	IO	E (US)	Introducing a model to explain and reproduce the business cycle of US manufacturing plants			
122. Choi and Merville (1998)	NA	F	D2	Introducing a unified model for both corporate acquisitions and divestitures (e.g. spin-offs, equity carve-outs and sell-offs) where risk and managerial incentives interact to determine an optimal corporate governance and an incentive compensation scheme			
123. Eastwood (1998)	NA	F	D1 (US)			Announcement of divestment	ns Abnormal bond return
124. Harhoff, Stahl, and Woywode (1998)	NA	IO	E (Germany)	(1) Age of the majority of the shareholder	+	(1) Liquidation rate	
				(2) Diversification	-		
				(3) Firm characteristics (independent firm → subsidiary)	ns	(2) Liquidation rate	
				(4) Firm size	- +	(3) Bankruptcy rate	
125. Witteloostuijn (1998)	Agency theory, game theory	SM	E	Introducing a model to explain firms' immediate exit, by taking into consideration of the effect of cost inefficiency, organisational inertia, and strategic competition			

Appendix 1. Summary of Studies on Exit Behaviour (Continued)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
126. Alvarez (1999)	Theory of linear diffusions, real options theory	F	E	Introducing a model to state the necessary condition for optimal exit			
127. Buchholtz, Lubatkin, and O'Neill (1999)	Ecological theory, theory of inertia	SM	D2	Introducing a framework of divestiture to highlight the role of seller responsiveness in divestiture premium			
128. Capron (1999)	RBV	SM	D2 (US, European)		Divestiture of acquired assets	+	(1) Cost savings
					Divestiture of target assets	-	(2) Cost savings (3) Market coverage (4) Innovation capability
129. Chang and Singh (1999)	RBV, Transaction cost theory	SM	E (US)	(1) Relatedness of the exited business with parent's business	-	Exit via sell-off	
				(2) Firm age			
				(3) Entry mode (internally developed → acquired business)	+	Exit form (dissolved → sold-off)	
130. Garella and Richelle (1999)	Folk Theorem	IO	E	Proposing that the exiting firms are those with higher average cost functions whenever re-entry is costless; when re-entry is unprofitable, the exiting firms are those with lower marginal (and possibly average) cost functions			
131. Kim, Bridges, and Srivastava (1999)	NA	M	E	Developing a model to connect demand with competitive entries and exits for better decisions regarding entry, exit, and resource allocation.			
132. Maydew, Schipper, and Vincent (1999)	NA	A	D2 (US)	Tax costs	+	Form of divestiture (tax-free spin-off → taxable sale)	
133. Pauwels and Matthyssens (1999)	Internationalisation theory	M	E, D1, W (Belgium*)	Presenting a strategy process study of export withdrawal based on in-depth interview, with the focus on the phenomena of managers' escalating commitment to (or detachment from) the export venture in question			
134. Colombo and Delmastro (2000)	Real option theory, game theory	IO	C, E (Italy)	(1) Plant size	-	Likelihood of closure	
				(2) Plant ownership (public → private)	ns		
135. Deily, McKay, and Dorner (2000)	Economic theory	IO	E, C (US)	(1) Efficiency	- ⁸	Likelihood of exit	
				(2) Ownership type (government→others)	ns		

⁸ This relationship holds only for non-government hospitals

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
136. Nixon and Roenfeldt (2000)	NA	F	D2 (US)	(1) Interest coverage ratio less than one (2) Internal control (3) Firm size	- +	Likelihood of exit form (sell-off → spin-off)	
137. Gopinath and Becker (2000)	NA	SM	D2 (US)	(1) Perceived procedural justice by employees regarding divestiture (2) Communication from management (3) Company communication	+	(1) Trust in new ownership (2) Post-divestiture commitment to the firm (3) Perception of procedural justice regarding divestiture layoffs	
138. Haynes, Thompson, and Wright (2000)	Agency theory	IO	D1 (UK)	(1) Firm leverage (2) Firm size (3) Diversification level (4) Change in management (5) Concentration (6) Firm performance	+ -	Likelihood of divestment	
139. Huang (2000)	NA	IO	C	Developing a model to demonstrate that a favourable demand shock could raise labour productivity, provided the average product per worker is smaller than the relative effects of a plant's death rate and wage rate on workers' level of effort			
140. Karakaya (2000)	Cognitive dissonance theory, exit-voice theory	M	E (US)	Introducing the applications of market exit and barriers to exit theories, and consequences of exit with examples			
141. Mata and Portugal (2000)	Transaction cost theory	SM	E, C, D1, D2, S (Portugal*)	(1) Entry type (greenfield → acquisition) (2) Ownership (joint venture → fully owned) (3) Human capital endowment experience (4) Limitation of liability (limited → unlimited) (5) Holdings (minor → major)	+ ns - + ns	Exit pattern (closed → sold) Likelihood of divestment Likelihood of closure Exit pattern (divestment → shutdown) Likelihood of divestment	
142. Matthyssens and Pauwels (2000)	NA	M	E, D1, W (Belgium*)	Analysing international exit decisions based on two cases, with the emphasis on the psychological phenomena of escalation of commitment during the decision-making process			

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
143. Stark (2000)	Real option theory	F	D3	Developing a model to support an optimal disinvestment decision-making in a real options context in the presence of uncertainty and a degree of irreversibility.				
144. Reuer (2000)	Life cycle theory	IO	E, D2, T (US*)			Termination announcement	+	Abnormal return in stock market
145. Anderson and Tushman (2001)	Prospect theory, real option theory, game theory, contingency theory, economic theory, PLC theory, organisation theory	IO	E, M (US)	(1) Demand uncertainty	+	Organisational mortality/exit rate		
				(2) Stage (era of ferment → era of incremental change)	-			
				(3) Environmental munificence	ns			
				(4) Environmental complexity				
146. Capron, Mitchell, and Swaminathan (2001)	Evolutionary theory	SM	E, D2 (US)	Strategic similarity	+	(1)Divestiture of target's asset		
					ns	Divestiture of acquirer's asset		
				Resource redeployment	+	(1) Divestiture of target's asset		
						Divestiture of acquirer's asset		
147. Frank and Harden (2001)	NA	F	D2 (US)	(1) Value control of the subsidiary	+	Divestiture pattern (spin-off → carve-out)		
				(2) Market attractiveness of the subsidiary				
				(3) Firm's need for cash	-			
				(4) Desire to smooth earnings	ns			
				(5) Desire to maximising earnings				
148. Bhattacharjee et al. (2002)	NA	IO	E (UK)	(6) Tax rate		Taxable equity carve-out		
				Macroeconomic instability (uncertainty)	+	Exit pattern (be acquired → go bankrupt)		
149. Dumais, Ellison, and Glaeser (2002)	Theory of industrial location	IO	C (US)			Plant closure	+	Industrial concentration

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
150. Haynes, Thompson, and Wright (2002)	Agency theory	IO	D1 (UK)			Divestment	+	Profitability of the divestor
151. Hulburt, Miles, and Woolridge (2002)	Asymmetric information theory	F	D2 (UK)			Carve-out announcement	+	(1) Positive market reaction (both parents' and parent subsidiaries' stock price) (2) Negative market reaction (parent rivals' stock price)
152. Mata and Portugal (2002)	Eclectic theory of multinational firms, economic theory	SM	E (Portugal*)	(1) Educated workforce experience (2) Entrants age (3) Firm growth	-	Likelihood of exit		
				(4) Limitation of liability (limited → unlimited)	+			
				(5) Firm size	ns			
				(6) Entrant characteristics (foreign entrant → domestic entrant)	ns	Time of exit (early → late)		
153. Bragger et al. (2003)	Equivocality theory, rational decision theory	P	E	(1) Uncertainty of feedback (2) Experienced a similar but more profitable decision	+	Delay of exit decision		
				(3) Opportunity to purchase information	-			
154. Cumming and MacIntosh (2003)	Theory of venture capital finance	F	E (US, Canada)	Level of asymmetry between buyer and seller	-	Exit pattern (partial → full)		
155. Dittmar and Shivdasani (2003)	NA	F	D2 (US)	Diversification discount	-	(1) Divestiture	+	Corporate focus
						(2) Announcement of divestiture	+	Abnormal return
156. Fishman and Rob (2003)	NA	IO	E	Developing a model to demonstrate that older firms are less likely to exit than younger firms, assuming consumers are 'locked in'.				
157. Girma, Greenaway, and Kneller (2003)	NA	IO	E (UK*)			Exit	-	(1) Total factor productivity (2) Output (export share) (3) Level of employment (size)

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
158. Headd (2003)	NA	IO	E, C (US)	Empirically demonstrating that not all closures are failures				
159. Karlsson and Nyström (2003)	PLC theory	IO	E (Switzerland)			Exit time (early → late)	-	Level of knowledge-intensity
160. Praag (2003)	Theory of the firm, Bayesian learning theory	IO	E (US)	(1) Firm age	ns	Likelihood of voluntary exit		
				(2) Experience 1 (industry and occupation)				
				(3) Experience 2 (labour and self-employment)				
				(4) Assets prior to start				
				(5) Home owner				
				(6) Unemployment rate				
				(7) Motivation of starting a business (employed → unemployed)	+			
				(8) Business failure rate				
161. Tan and Yuan (2003)	NA	IO	D2	Developing a model to demonstrate that a firm that produces a group of complements can generate higher profits via divestitures, when there is a competing firm supplying an imperfect substitute group of complements				
162. Almus (2004)	Matching theory	IO	E (Germany)	Growth rate	-	Likelihood of exit		
163. Foltz (2004)	Sunk cost theory	IO	E (UK)	(1) Level of productivity	-	Likelihood of exit		
				(2) Farm size	ns			
164. Huyghebaert and Gucht (2004)	NA	SM (E1)	E (Belgium)	(1) Nature of competition (strategic substitute → strategic complement)	+	Likelihood of exit (for entrepreneurial start-ups)		
				(2) Financial leverage * ⁹ industry concentration	+ ¹⁰			
				(3) Financial leverage	ns			
				(4) Start-up size	-			
165. Palmer (2004)	NA	M	D1 (UK*)	Exploring the lessons from international retail divestment and market withdrawal experiences, based on the case of TESCO				

⁹ Interaction

¹⁰ Relationship holds only when the competition is strategic complement.

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
166. Sengupta (2004)	Co-integration theory	IO	E	Modelling the competitive industry equilibrium where negative profit leads to exit of old firms			
167. Bates (2005)	Learning theory	SM (E1)	C (US)	(1) Education (2) Experience in the line of business (3) Opportunity cost	+ - -	Perceived nature of closure (unsuccessful → successful)	
168. Benito (2005)	I-R framework	SM	D1, D2, D3, C, E (*)	Analysing the relationship between divestment and international business strategy based on the integration-responsiveness framework			
169. Cefis and Marsili (2005)	PLC theory, innovation theory	IO	E (Netherlands)	(1) Firm age (2) Firm size (3) Growth rate (4) Nature of technology (non-technology-intensive sector → technology-intensive sector)	+	Likelihood of exit (for innovation firms)	
170. Chen and Guo (2005)	Agency theory	F	D2 (US)	(1) Size of divested unit (2) Parents characteristics 1 (revenue growth, book-to-market ratio, market sentiment) (3) Parents characteristics 2 (dividend yield, information asymmetry, industry range)	+ + +	Divest pattern (others → carve-out/spin-off) Divestment via spin-off Divestment via carve-out	
171. Fariñas and Ruano (2005)	NA	IO	E (Spain)	Level of productivity	-	Likelihood of exit	
172. Frazer (2005)	Trade theory	IO	E (Ghana)	(1) Level of productivity (2) Firm size (3) Firm age (4) Firm's capital intensity (5) Ownership (state-owned → others) (6) Firm nature (exporting firms → others)	- + ns	Likelihood of exit	

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
173. Neus and Walz (2005)	Game theory	F	E, D2	Developing five testable propositions on the disinvestment timing of venture capitalists in the course of initial public offering.				
174. Powell and Yawson (2005)	Industry disturbance theory	F	D2, E (UK)	(1) Broad shock	ns	Likelihood of takeover		
				(2) Deregulation				
				(3) Low growth shock	+			
				(4) Threat of foreign competition shock				
(5) Stock market performance shock								
				(6) Broad shock	+	Likelihood of divestiture		
				(7) Industry concentration				
				(8) Deregulation				
175. Santarelli and Lotti (2005)	NA	IO	E (Italy)	Firm age (after 30 th year in the market)	+	Likelihood of exit		
176. Shimizu and Hitt (2005)	Complexity theory, agency theory	SM	D2 (US)	Performance	- ¹¹	Likelihood of divestiture		
177. Sharma and Manikutty (2005)	RBV, agency theory	SM (E1)	D1	Developing nine testable propositions on the determinants of the time lag (between the realising time of divestment and the actual divestment), including community culture and family structure.				
178. Berkovitch, Israel, and Tolkowsky (2006)	NA	SM	D2	Developing a model to predict when the announcements of divestitures will lead to an increase or a decrease in the market value of the combined firms.				
179. Brauer (2006)	Portfolio theory, agency theory, Transaction cost	SM	D2, E	Reviewing previous studies on divestiture from different themes and suggesting future research directions				
180. de Figueiredo and Kyle (2006)	Portfolio theory	SM	E, W (US)	(1) Competition	+	Likelihood of exit		
				(2) Quality of product sold	ns			
				(3) Number of innovative products				
				(4) Brand strength	-			

¹¹ This relationship is attenuated by firm age, firm size, firm experience, and small changes in performance, and strengthened by the arrival of a new CEO/outside directors and a high outside director ratios

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
181. Dewaelheyns and Van Hulle (2006)	NA	F	E (Belgium)	(1) Liquidity (2) Performance (3) Firm size (4) Leverage (5) Efficiency	- + ns	Likelihood of exit	
182. Klepper and Thompson (2006)	NA	IO	E (US)	Firm age	-. ¹²	Likelihood of exit	
183. Meyer (2006)	RBV	SM	D1	An argument for integrating divestment as part of firm growth processes, based on RBV.			
184. Söderbom, Teal, and Harding (2006)	NA	IO	E (Ghana, Kenya, and Tanzania)	Total factor productivity	-. ¹³	Likelihood of exit	
185. Alizadeh and Nomikos (2007)	NA	F	D1 (Japan)	Developing a model to identify divestment timing in shipping markets, based on the long-run co-integrating relationship between price and earnings.			
186. Bhattacharjee et al. (2007)	Business cycle theory	IO	E (UK)	(1) Firm cash risk (2) Liquidity (3) Macroeconomic instability (4) Firm gearing (5) Firm size (6) Interest cover (7) Firm age after listing	- + + -	Exit pattern (be acquired → bankruptcy) Likelihood of exit (including both be acquired and go bankrupt)	
187. Brixy and Grotz (2007)	Incubator theory	SM (E1)	E (Germany)	(1) Entry rate (2) Regional status (prospering → declining) (3) Labour force qualification (4) R&D effort	+	Likelihood of exit	
188. Bernard and Jensen (2007)	NA	IO	C, S (US*)	(1) Firm structure (multiunit → single plant) (2) Firm structure (multinational → others)	+ ¹⁴	Plant closure	

¹² This relationship is conditional on firm size

¹³ This relationship is strengthened by the firm size

¹⁴ Controlling for plant and industrial attribute such as plant size, age, and capital intensity

Appendix 1. Summary of Studies on Exit Behaviour (Continued)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
189. Chen and Guochang (2007)	NA	A	D1 (US)	Divergence in profitability between the divested and the left segments	+	Likelihood of divestment		
190. Christopherson (2007)	NA	IO	D2 (US*)	Analysing the reasons for international retail disinvestment, based on the case of Wal-Mart's failure in Germany				
191. Çolak and Whited (2007)	NA	F	D2 (US)	Addressing the issue of endogeneity and measurement error in explaining the relationship between divestment/spin-off and subsequent improvement in investment efficiency				
192. Decker and Mellewig (2007)	Agency theory, RBV	SM	E	Reviewing the research progress about business exit to highlight its importance for research and practice				
193. Dixit and Chintagunta (2007)	Learning theory	M	E (US)	(1) Own price	+	Likelihood of exit		
				(2) Cost per seat mile				
				(3) Number of competitors				
				(4) Competitor's price				
				(5) Carrier size				
194. Harada (2007)	NA	IO	E (Japan)	(1) Gender of the manager (2) Age of the manager (3) Decreasing sales (4) Financial loans	-	Likelihood of exit (Non-economic forced → economic forced exit)		
195. Haynes, Thompson, and Wright (2007)	Agency theory, tournament theory	F	D1 (UK)			Divestment announcement	+ ¹⁵	Executive pay
196. Ishii and Yan (2007)	NA	IO	D2 (US)	Examining whether the divestiture crowds out new investors, which is not confirmed by the empirical data				
197. Lambrecht and Myers (2007)	Free cash flow theory	F	D3, C	Presenting a real-option model to explain the association between takeover and disinvestment in declining industries, especially focusing on the time of takeover				
198. McGovern (2007)	Economic theory	BH	D1, C	Analysing the reasons for the divestment of successful companies, based on the case study of Dunlop				
199. Moliterno and Wiersema (2007)	RBV	SM	D1 (US)	Performance relative to aspirations	-	Strategic resource divestment		
				Monopolistic factor market firm performance relative to aspirations	+	Divestment of more developed resources		

¹⁵ The relationship holds only when there is a regime of strong corporate governance

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study						
				Antecedents	Sign	Focused construct	Sign	Consequences		
200. Palmer and Quinn (2007)	Internationalisation theory	M	D1, E (Netherlands *)	Analysing the reasons for international retail disinvestment, based on the case of Ahold						
201. Shimizu (2007)	Prospect theory, behavioural theory, threat-rigidity theory	SM	D2 (US)	Negative unit performance	+ ¹⁶	Likelihood of divestment				
202. Cairns et al. (2008)	NA	M	D1, C, E, W (UK*)	Analysing a four-stage international retail disinvestment process based on in-depth interview with multiple key informants						
203. Costeniuc, Schnetzer, and Taschini (2008)	NA	SM	D2, D3, E E	Developing a model to demonstrate that an increase in the uncertainty of the underlying process hastens the decision to disinvest						
204. Fung (2008)	NA	IO	C, E (Taiwan)	Real currency appreciation	+	Likelihood of closure				
205. Greenaway and Kneller (2008)	NA	IO	E (UK*)	Total factor productivity	-	Likelihood of exit				
206. Belderbos and Zou (2009)	Portfolio theory, real options theory	IB	D1 (Japan*)	(1) Adverse environmental changes in host country	+ ¹⁷	Likelihood of divestment				
				(2) Affiliate age						
				(3) Parent size	-					
				(4) Parent firm patent intensity	ns					
				(5) Affiliate size						
				(6) Number of keiretsu affiliates						
207. Bertomeu (2009)						NA	IO	E	Developing a model to show that shakeouts are likely to occur due to the stochastic dynamics of the entry process	
208. Bhattacharjee et al. (2009)	Business cycle theory, economic theory	IO	E (UK)	(1) Macroeconomic instability	+	Exit pattern (be acquired → go bankrupt)				
				(2) Gearing						
				(3) Liquidity	-					
				(4) Richness of cash						
				(5) Firm size		-	Likelihood of exit (including both be acquired and bankruptcy)			
				(6) Firm interest cover						
				(7) Exchange rate	ns					

¹⁶ Both linear and squared curvilinear relationship holds between the two variables; besides, the curvilinear relationship is moderated by the ambiguity of focus unit's industry, failure to improve unit performance, resource availability, and divestiture experience.

¹⁷ This relationship is moderated by macroeconomic uncertainty in host country

Appendix 1. Summary of Studies on Exit Behaviour (Continued)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
209. Brauer (2009)	Information processing theory	SM	D2	Exploring the factors which influence the degree to which manager's involvement in divestiture's initiation, including investor-driven divestiture, investor's critique targets divisional managers' fields of responsibility, and managers' transaction experience, etc.				
210. Greenaway, Gullstrand, and Kneller (2009)	NA	IO	E (Sweden)	(1) Firm size	-	Likelihood of closure		
				(2) Productivity				
				(3) Capital intensity				
				(4) Use of exporting				
				(5) Producing intermediate goods	+			
211. Hanazono and Yang (2009)	NA	IO	E	Time of entry (early → late)	+	Likelihood of exit		
212. Veld and Veld-Merkoulova (2009)	NA	SM	D1	A meta-analytical review of previous empirical studies on the relationship between spin-off announcement and stock market value creation				
213. Wood (2009)	Prospect theory	SM	E, C (UK)	(1) Efficiency	-	Likelihood of exit		
				(2) Firm size	ns			
				(3) Competitive intensity				
				(4) Diversification				
				(5) Reduction in competition pressure			+	
214. Berry (2010b)	Internationalisation theory	SM	D1 (US)	(1) Firm size	+	Likelihood of divestment		
				(2) Diversification				
				(3) Technological know-how				
				(4) Debt level				
				(5) Lower cost production opportunity				
				(6) Real exchange rate				
				(7) Performance	-			
215. Chang, Boisvert, and Hung (2010)	NA	IO	E (Taiwan)	(1) Efficiency	-	Likelihood of exit		
				(2) Firm location (severe land subsidence → others)				
216. DeTienne (2010)	Goal theory	SM (E1)	E	Suggesting that entrepreneurial exit is a critical to understand the entrepreneurial process and calling for more research on this topic				

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
217. Geroski, Mata, and Portugal (2010)	RBV, ecological theory, economic theory	SM	E (Portugal)	(1) Firm size (2) Firm's initial size (3) Human capital (4) Industrial concentration at founding (5) Macroeconomic environment (GDP growth)	-	Likelihood of exit	
				(6) Current entry rate (7) Entry rate at founding	+		
				(8) Industrial concentration	ns		
218. Grilli, Piva, and Lamastra (2010)	NA	IO	C (Italy)	(1) Firm size (2) Firms' legal forms 1 (sole proprietorship → others) (3) Firms' legal forms 2 (partnership → others) (4) GDP growth	-	Likelihood of exit	
				(5) Firms' legal forms 3 (private limited → others)	+		
219. Harrison and Scorse (2010)	NA	IO	C (US*)	Anti-Sweatshop Activism	+	Closure of small exporters	
220. Kwon (2010)	Real options theory	SM	E	Developing a model to identify the exit threshold for a better exit and investment decision			
221. Lee and Madhavan (2010)	Agency theory, transaction cost theory, information processing theory, efficiency theory, RBV, strategic fit theory, signalling theory	SM	D1, D2, E	A meta-analytical review of previous empirical studies on the relationship between divestiture and firm performance			
222. Sandri et al. (2010)	Traditional investment theory	SM (E1)	D2 (Germany)	Providing experimental evidence for entrepreneurs as well as non-entrepreneurs to understand the value of waiting in disinvestment decisions, considering the presence of psychological inertia			
223. Wagner (2010)	NA	SM (E1)	D1	Introducing a dynamic theory of entrepreneurial divestment, with the emphasis on the inefficiency of divestment			

Appendix 1. Summary of Studies on Exit Behaviour (Continued)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
224. Wennberg et al. (2010)	Prospect theory, expected utility theory, human capital theory	SM (E1)	E (Sweden)	(1) Entrepreneurial experience	-	Likelihood of exit (making a harvest sale →others: continuation, liquidation, distress sale)		
				(2) Age of the entrepreneur	-	Likelihood of exit (making a harvest sale or distress sale → harvest liquidation or distress liquidation)		
				(3) Taking an outside job	-	Likelihood of exit (making a distress liquidation or distress sale → harvest liquidation or harvest sale)		
				(4) Additional equity investment	-	Likelihood of exit (making a distress liquidation or distress sale → harvest liquidation or harvest sale)		
				(5) Education	+	Likelihood of exit (making a harvest sale → continuation)		
225. Abor, Graham, and Yawson (2011)	Agency theory	BE	D2 (US)	Effectiveness of governance	ns	Likelihood of divestiture		
226. Ball, Chiu, and Smith (2011)	NA	F	E (US)	A comprehensive examination of the exit choices of VC-backed firms. The results show that IPO and M&A exit timing and the choice between IPO and M&A exit are driven by market conditions that can give rise to patterns of pseudo-market timing.				
227. Bayar and Chemmanur (2011)	NA	F	E	Analysing firms’ choice of exit mechanism between IPOs and acquisitions; addressing two important drivers of the exit choice: competition and difference in information asymmetry				
228. Cao (2011)	NA	F	E (US)	(1) Valuation	-	Exit pattern (via share distribution → takeover)		
				(2) Duration of RLBO (Reverse leveraged buyouts)				
				(3) Buyout sponsor reputation			+	
				(4) Size of RLBO				
				(5) Ownership concentration of buyout sponsor			-	Likelihood of exit
229. Carreira and Teixeira (2011)	RBV	IO	E (Portugal)	(1) Productivity	-	Likelihood of exit		
				(2) Firm size				
				(3) Age of a mature firm			ns	
				(4) Demand market condition			+	
				(5) Economic cycle				

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study						
				Antecedents	Sign	Focused construct	Sign	Consequences		
230. Garbuio, King, and Lovallo (2011)	RBV, behavioural decision theory	SM	D1	Developing several propositions regarding the impact of psychological mechanisms (including endowment effect, familiarity effect, and distortion effect) on a firm's divestment decision						
231. Grilli (2011)	NA	SM	E (Italy)	(1) Founder's pre-entry work experience	+	Likelihood of start-up exit				
				(2) Founder's pre-entry work experience in the same industry	+	Likelihood of M&A start-up exit				
				(3) Founder's pre-entry work experience in another industry	+	Likelihood of closure of start-up operations				
232. Harris and Li (2011)	NA	IO	E (UK*)	(1) Firm size	-	Likelihood of exit from exporting				
				(2) Ownership (domestic → foreign)						
				(3) Displacement						
				(4) Total factor productivity	+					
				(5) Import penetration						
(6) Presence of intangible resources	ns									
(7) Growth effect										
(8) Capital intensity										
233. Jain, Kini, and Shenoy (2011)	NA	F	D2 (US)	(1) Presence of positive demand shock	+	Likelihood of vertical divestment				
				(2) Productivity of parent firms	-					
				(3) Importance of the need for relationship-specific investment	-	Likelihood of vertical divestment pattern (carve-out → spin-off)				
				(4) Relevance of relationship-specific investment	-					
				(5) Level of parents' financial constraint	+					
				(6) Industry size	+					
234. Moschieri (2011)	Agency theory	SM	D2	Examining which factors of the implementation and structuring of a divestiture may increase the performance of a divested unit, based on six cases.						
235. Moschieri and Mair (2011)	NA	SM	D2	A focus on how an established company can use divestiture as a strategy to enhance the innovation of its units and capture its value						
236. Oh and Oetzel (2011)	NA	SM	D3 (Europe*)	Quality of host country governance	- ¹⁸	Likelihood of disinvestment				

¹⁸ This relationship hold only for natural disasters, not for technological disasters

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
237. Susarla and Barua (2011)	Agency theory, evolutionary theory	SM	E (US)	Misalignment between agency costs and contracts chosen	+	Likelihood of exit		
238. Tenn and Yun (2011)	NA	IO	D2 (US)	Analysing the difference in performance of the brands before and after the antitrust divestiture, based on the case of in Johnson & Johnson–Pfizer transaction.				
239. Zhou, Li, and Svejnar (2011)	NA	F	D2 (Thailand*)	(1) Firm size	ns	Likelihood of divestiture		
				(2) Change in return on assets				
				(3) Current ratio	-			
				(4) Ownership share				
				(5) Ownership (domestic → foreign)				
240. Balcaen et al. (2012)	Coase theorem	IO	E (Belgium)	(6) Number of subsidiaries	+	Exit type 1 (court-driven exit → out-of-court exit)		
				(1) Leverage	-			
				(2) Secured debt				
				(3) Group relations	ns			
				(4) Cash	+			
				(5) Firm age		Exit type 2 (M&A → liquidation)		
				(6) Levels of cash	+			
				(7) Leverage				
				(8) Secured debt	-			
				(9) Group subsidiaries				
(10) Firm size								
241. Brauer and Wiersema (2012)	Information processing theory, agency theory, economic theory	SM	D2 (US)			Firm's position in an industry divestiture wave	U ¹⁹	Stock market return

¹⁹ This relationship is a U-shaped nonlinear relationship. In addition, this relationship is moderated by industrial munificence and industrial dynamism.

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study				
				Antecedents	Sign	Focused construct	Sign	Consequences
242. Cefis and Marsili (2012)	Agency theory	SM	E, C (Netherlands)	(1) Innovative capabilities (in product or process development)				
				(2) Innovative capabilities in product development * innovative capabilities in process development	-	Likelihood of exit via closure		
				(3) Innovative capabilities in product development	+ ²⁰	Likelihood of exit via M&A		
				(4) Innovative capabilities in process development	ns			
				(5) Innovative capabilities (especially in process development)				
				(6) Innovative capabilities in product development * innovative capabilities in process development	-	Likelihood of exit via radical restructuring		
243. Collewaert (2012)	Conflict theory	SM (E1)	E (US)	(1) Relationship conflict	+	Entrepreneurs' intention to exit their venture		
				(2) Task conflict				
				(3) Goal conflict	ns	Angels' intention to exit their venture		
				(4) Relationship conflict	ns			
				(5) Task conflict				
				(6) Goal conflict	+			
244. Defren, Wirtz, and Ullrich (2012)	Agency theory, transaction cost theory, information economics theory	SM	D1	Analysing the information problem between the seller and the buyer of a business unit in a sell-off. Examines critical success factors to overcome the information problem and their performance impact on divestment success				

²⁰ This relationship is strengthened by the lack of innovative capabilities in product process development

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign Consequences
245. Fisch and Zschoche (2012)	NA	IB	D1, W, C (Germany*)	(1) Labour cost growth * ease of dismissal (2) Uncertainty of labour cost * contribution to network diversity (3) Residual network's growth of labour costs * ease of export (4) Residual network's uncertainty of labour costs * residual network's ease of export	- ns	Propensity to leave a country as a production location	
246. Fortune and Mitchell (2012)	Evolutionary theory, RBV, dynamic capability theory, institutional theory	SM	E (US)	(1) Managerial capabilities (2) Firm age (3) Firm size (4) Functional capabilities (5) Greater functional capabilities than managerial capabilities	- ns +	Likelihood of exit (via M&A → dissolution)	
247. Havila and Medlin (2012)	NA	M	C (Australia)	Developing a conceptual model of ending-competence in business closure, focusing on the different roles played by upper and operational management during a closure process			
248. Mata and Freitas (2012)	NA	IB	E, D1, D2 (US)	(1) Ownership type 1 (purely domestic → domestic-based multinationals → foreign) (2) Ownership type 2 (domestic-based multinationals → foreign)	+ +	Likelihood of exit Likelihood of exit home-country business	
249. Moschieri and Mair (2012)	NA	SM	D2	Analysing how and why companies structure and implement divestitures			
250. Schröder and Sørensen (2012)	Trade theory	IO	E, C	Highlighting how competition forces are an important transmission channel between technological progress and firm exit dynamics and how they interact with opening to trade			

Appendix 1. Summary of Studies on Exit Behaviour (*Continued*)

Author (Year)	Theoretical basis	Disc.	Key words (Context)	Focus of the study			
				Antecedents	Sign	Focused construct	Sign
251. Xia and Li (2013)	Resource dependence theory	SM	D2 (US)	(1) Mutual dependence	-. ²¹	Likelihood of divestiture of the acquired subunit	
				(2) Subsequent acquisition activity by the acquired subunit	-		
				(3) Formation of subsequent joint ventures by the acquired subunit			
252. Berry (2013)	NA	SM	D1 (US*)	Performance	-. ²²	Likelihood of exit	
253. Chung et al. (2013)	Real options theory	IB	D1 (Asian*)	(1) Diversification	-	Likelihood of divesting a subsidiary in a crisis stricken country	
				(2) Level of crisis stricken in the country	+	Likelihood of divestment (wholly-owned → joint venture)	
				(3) Ownership (wholly-owned → joint venture) in non-crisis country	+	Likelihood of divesting a subsidiary in a crisis stricken country	
254. Cohen (2013)	Bayesian decision theory	SM	D2 (US)	Develops a model to simulate vertical divestiture, based on real world events, provides evidence for improved channel efficiency			
255. Engel, Procher, and Schmidt (2013)	NA	IO	E, D1, D2 (Germany*)	(1)Productivity	ns	Likelihood of divestment	
				(2)Financial performance			
				(3)Firm size			
				(4) Firm structure (single unit → multi-unit)	+		
				(5) Firm age			

*Disc. denotes discipline.


*Codes for Discipline: A=Accounting; E=Economics; E1=Entrepreneurship; F=Finance; M=Marketing; P=Psychology; BE=Business Ethics; HR=Human Relation; IB=International Business; IO=International Organisation; SM=Strategic Management

*Codes for key word: C=Closure, E=Exit; D1=Divestment; D2=Divestiture; D3=Disinvestment; M=Mortality; S=Shutdown; T=Termination; W=Withdrawal

²¹ This relationship is attenuated by the subunit's engaging in inter-industry acquisition and alliance, respectively

²² This relationship is attenuated by country growth rate, but not moderated by policy stability or exchange rate volatility


Appendix 2. Online Questionnaire



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A STUDY ON THE DETERMINANTS OF CHINESE OUTWARD FDI (FOREIGN DIRECT INVESTMENT) FIRMS' SURVIVAL


SECTION A-CHOOSE YOUR ROLE


Thank you very much for participating in our survey. Similar questionnaires are currently being completed by other Chinese outward FDI (Foreign Direct Investment) firms operating worldwide. Your contribution is therefore invaluable to our research. This questionnaire will take you about 15-30 minutes to complete (you can exit and re-enter the survey later to update your answers). In return for your participation, we will send you a report with the results and conclusions of this research study which may help firms to develop better entry/expansion strategies for a long-term success in the foreign markets. The results may be also important in directing future governmental policy. You will also have a 10% chance to win a Durham University souvenir (like the ones shown below)



Tie Slide



Business Card Holder



2GB Memory Stick



Pin Badge



Pen



Flower Highlighter



Mouse Mat



Tea Towel



Notebook



Conference Package



Wishbone bracelet


Photo Frame (3.5' x 5')


Procession Railway Print (15' x 10')


Durham Bridge Railway Print (15' x 10')



Music CD


Heritag

1. You are mainly responsible for the business at (in) the:

☒ **Headquarters**

☐ **Foreign affiliate**



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A STUDY ON THE DETERMINANTS OF CHINESE OUTWARD FDI (FOREIGN DIRECT INVESTMENT) FIRMS' SURVIVAL

SECTION B – CHARACTERISTICS OF YOUR FIRM

The questions in Section B aim to collect some background information about your firm. Once again this information will remain strictly confidential.

2. Year of your company 's establishment (i.e., the Chinese headquarters):

3. The current number of full-time employees at the Chinese headquarters (e.g., 50):

4. The main industry/sector of the Chinese headquarters:

Other (please specify)

5. Location of the Chinese headquarters:

Other (please specify)

6. Registered ownership type of the Chinese company:

Other (please specify)

7. The annual level of total turnover of the group company for 2011 (Unit: Billions of Chinese Yuan):

8. The percentage of foreign turnover to the total turnover for 2011:

9. Year of starting the first international business (such as export, licensing, franchising, joint-venturing, establishing subsidiaries, etc):

10. Year of starting the first Outward FDI (i.e., your company has acquired directly or indirectly, at least 10% vote power of a corporation, or equivalent for an unincorporated enterprise in another country/economy. The form of foreign affiliates includes subsidiaries, branches, joint ventures, and associates):

11. Locations of all your FOREIGN affiliates (You may tick more than one box):

☐ Asia
 ☐ Africa
 ☐ Europe
 ☐ Latin America
 ☐ North America
 ☐ Oceania

Other (please specify)

12. Please indicate the number of the Chinese headquarters' affiliates (e.g., subsidiaries/branches/joint-ventures/associates/representative offices):

	Domestic affiliates:	Foreign affiliates:
Number of affiliates	<input type="text"/>	<input type="text"/>

13. Many companies have experienced the process of deciding whether or not the company should partially/fully exit from a foreign market, **WHETHER THEY FINALLY DID EXIT THE FOREIGN MARKET OR NOT**. Considering all your outward FDI business, have you ever experienced the formal discussion process of deciding whether or not the company should partially/fully exit from a foreign market?

☐ Yes ☐ No

if "Yes", please specify the overall times of such experiences:

14. Please indicate the **MOST RECENT** discussion about exiting from a foreign market. It refers to:

Other (please specify):

15. Regarding the discussion (), which country or region was/is the foreign affiliate located in?

16. What is the main product your foreign affiliate provided/provides in ?

17. Please indicate the **MOST IMPORTANT** country of your outward FDI:

18. Please indicate the main product your foreign affiliate provides in :

19. Please indicate the type of the product you provide in :

Other (please specify):

20. Please indicate the stage of the product (If it has been exited, please report the stage at time of exit):

21. Please indicate the degree of technology intensity of the product in (i.e. a "highly technology-intensive" product is one that is based on significant amount of scientific and technical know-how):

	1-Extremely Low	2	3-Medium Level	4	5-Extremely High (e.g., aerospace)
Technology intensity of the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. Which year did you commence providing the main product in ?

23. Please indicate the type of the foreign affiliate in :

Other (please specify)

24. Please indicate the number of employees of the foreign affiliate in (e.g., 50):

25. Please indicate the number of senior managers who are appointed by the Chinese headquarters and are eligible to participate in strategic decision-making for the foreign affiliate in :

26. Please indicate the main functions the foreign affiliate in undertakes (you may tick more than one box).

<input type="checkbox"/> Raw materials sourcing	<input type="checkbox"/> Product selling (to middlemen)	<input type="checkbox"/> Logistics distribution
<input type="checkbox"/> New product/technology research and development	<input type="checkbox"/> Product selling (to end-users)	<input type="checkbox"/> Customer relationship building/maintaining
<input type="checkbox"/> Service offering (e.g., consultancy, after-sale service)	<input type="checkbox"/> Product assembly / processing	<input type="checkbox"/> Information collecting (for further investment decision-making)
<input type="checkbox"/> Product manufacturing	<input type="checkbox"/> Order processing	

27. How long you have planned for the establishing this foreign affiliate in (from active preparation to the market entry)?

	Years	Months
Preparation time	<input type="text"/>	<input type="text"/>

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A STUDY ON THE DETERMINANTS OF CHINESE OUTWARD FDI (FOREIGN DIRECT INVESTMENT) FIRMS' SURVIVAL

SECTION C – BUSINESS ENVIRONMENT

The questions in Section C of this questionnaire aim to collect information about the domestic and the foreign environment faced by your company. (Note: if you are the subsidiary manager, please refer to the foreign affiliate you are responsible for and the main product you provide there, and hereafter the same)

28. Please indicate to what extent the business environment in this country is similar or different to that in China, in terms of the following aspects:

	1-Very similar	2	3	4	5-Very different
General environment (e.g., economic, industrial, technical, communication/marketing infrastructure environment)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political/legal environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Per capita income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchasing power of customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lifestyles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer preferences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level of literacy and education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Language	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cultural values, beliefs, attitudes and traditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

29. Please indicate the degree of government support for the business in this country, regarding the following aspects:

	1-None	2	3	4	5-Substantial
FINANCIAL AID-RELATED PROGRAM: —Tax relief (e.g., tariff, business income tax, foreign tax)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—Credit support (e.g., policy-oriented insurance support, credit guarantee)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—Fund support (e.g., bank loans, special funds/subsides from central and local governments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—Foreign exchange policy support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
INFORMATION-RELATED PROGRAM: —Information about foreign market opportunities / obstacles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—General guidance of doing business in different industries and countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—FDI publications (including online newsletters, special report, statistical data)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EDUCATION-/TRAINING-RELATED PROGRAM: —Training programs on overseas investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—Provision of counseling advice on FDI business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
—Organization of FDI seminars/conferences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
TRADE MOBILITY-RELATED PROGRAM: —Assistance in participating in international investment and trade fair/trade show/exhibition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

—Trade support by the Chinese institute abroad (e.g., assistance in initial contacts with customers, following up on trade leads in foreign markets)

☐ ☐ ☐ ☐ ☐

30. Please indicate to what extent you agree or disagree with the following statements about the industrial environment in this country :

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
The technology in our industry is changing rapidly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technological changes in our industry provide major opportunities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is very difficult to forecast where the technologies in our markets will be in the next five years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is very difficult to predict how customers' needs and requirements will evolve in our markets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is difficult to forecast competitive actions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is a great deal of uncertainty in our markets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generally, it is difficult to understand how the market will change.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

31. Please indicate how you will characterize the competitiveness of market in this country , when compared to Chinese market:

	Compared to Chinese market	Estimate without comparing with Chinese market
Pace of new competitive moves in this product /service area	<input type="text"/>	<input type="text"/>
Frequency of promotion wars in this industry	<input type="text"/>	<input type="text"/>
Frequency of new product /service introductions by competitors	<input type="text"/>	<input type="text"/>
Strength of price competition	<input type="text"/>	<input type="text"/>
Strength of overall competition in the industry	<input type="text"/>	<input type="text"/>

32. Regarding the foreign affiliate in this country , please indicate its competitive position when compared to the major competitors in foreign markets in relation to the following aspects:

	1-Much worse	2	3-The same	4	5-Much better
Product differentiation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promotion or communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

33. Please indicate how much experience you have with the following aspects:

	1-None	2	3	4	5-Substantial
Professional FDI experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overseas experience (e.g. traveling/living/study/working abroad)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training in international business (e.g. attending formal courses and FDI seminars)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

34. Compared to your major competitors in this country , please rate the following abilities of your company:

	1-Much worse	2	3-The same	4	5-Much better
Innovations that reinforce our prevailing products/services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovations that reinforce our existing expertise in prevailing products/services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovations that reinforce how we currently compete.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovations that make our prevailing products/services obsolete.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovations that fundamentally change our prevailing products/services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovations that make our existing expertise in prevailing products/services obsolete.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

35. Considering the product your company provided in this country , please indicate the degree of the attractiveness regarding the following market conditions:

	1-Very unattractive	2	3-Neither unattractive nor attractiveness	4	5-Very attractive
Demand potential	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profitability growth expectation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Present market size	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

36. Regarding the foreign affiliate in this country , please indicate to what extent you agree or disagree the following statement.

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
The activities of this foreign affiliate influence the outcomes of other affiliates within the group company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Work in this foreign affiliate is connected to the work of other affiliates within the group company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The activities of other affiliates within the group company influence the outcomes of this foreign affiliate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This foreign affiliate depends on the effective functioning of other affiliates within the group company, to keep performing its own tasks effectively.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

37. For each of four modes of communication, please indicate the frequency of communication between managers in this country and executives from the Chinese parent corporation.

	1-Less often than once a year	2	3-Monthly	4	5-Daily
Face-to-face	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the telephone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Routine and periodic formal reports	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic or paper-based letters or memos	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

38. Please indicate to what extent you agree or disagree with the following statements about the relationship between the Chinese headquarters and the foreign affiliate in this country :

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
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The headquarters keeps promises it makes to the foreign affiliate's marketing operation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The foreign affiliate believe all the information that headquarters provides to it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters is genuinely concerned with the success of the marketing operation at this affiliate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters considers this foreign affiliate's welfare when making marketing decisions regarding this market.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individuals in the market operations at headquarters are trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individuals in the marketing operation at headquarters are not always honest with subsidiary staff.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

39. Please indicate typically how much influence would the Chinese headquarters have on the following decisions in this country :

	1-Foreign affiliate decides	2-Foreign affiliate decides, headquarters influences	3-Equal influence	4-Headquarters decides, foreign affiliate influences	5-Headquarters decides
Product design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Package design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pricing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales force management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

40. Regarding the foreign affiliate in this country , please indicate to what extent you agree or disagree with the statements below:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
I would be very happy to spend the rest of my career with this foreign affiliate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy discussing the affiliate with people outside it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I really feel as if this affiliate's problems are my own.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This foreign affiliate has a great deal of personal meaning for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel like part of the family at this foreign affiliate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

41. Please indicate to what extent the foreign affiliate's business practice has been caused adaptations by its relationship with home counterpart (Chinese headquarters, sister units within MNC, government, etc) and with host counterpart (customers, competitors, suppliers, universities, government, trade unions in this country).

	1-Very largely (caused by the relationship with HOME counterpart)	2	3-Equally (caused by relationships with home and host counterpart)	4	5-Very largely (caused by the relationship with HOST counterpart)
Operational activities (i.e., day-to-day activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capabilities development (e.g., benchmarking, best practice, knowledge management, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategies practice (e.g., new product development strategy, competitive strategy, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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A STUDY ON THE DETERMINANTS OF CHINESE OUTWARD FDI (FOREIGN DIRECT INVESTMENT) FIRMS' SURVIVAL

SECTION D – MARKETING STRATEGIES

42. Please consider the product/service provided for the foreign market and indicate **HOW SIMILAR OR DIFFERENT** the strategies used in this country are, **WHEN COMPARED WITH THOSE USED IN CHINESE MARKETS**:

	1-Very similar	2	3	4	5-Very Different
PRODUCT STRATEGY: ——					
Product/service positioning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Product/service quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Product/service design and style	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Product/service packaging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Product/service labeling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Brand name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Pre- and after-sales service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PROMOTION STRATEGY: ——Budget for promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Advertising theme	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Media allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Sales promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Public relations activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Personal selling techniques	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PRICE STRATEGY: ——Selling price to end-users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Selling price to trade customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Profit margins to trade customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Profit margins to end-users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Sales/ credit terms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
DISTRIBUTION STRATEGY: ——					
Control over distribution channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Type of middlemen used	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Distribution coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Inventory control	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——Order processing systems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

43. Compared to your major competitors in this country , please assess the price of your product /service:

1-Much less 2 3-The same 4 5-Much more

	competitive			competitive		
Transport price before and after purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payment terms on the convenience and security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

44. Regards to the product/service you offered in this country , please indicate the degree of the following support that your firm provides to distributors:

	1-None	2	3	4	5-Substantial
Overall support to the distributors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training of distributors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promotion support to the distributors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cooperation with the distributors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interaction with the distributors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

45. Considering all the businesses of the group company, please indicate to what extent you agree or disagree with the following statements:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
Every market in the world is important to our overall businesses .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individual foreign affiliates are willing to sacrifice their profitability in order to achieve better performance for our businesses as a whole.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We place a higher priority on our domestic business than on our foreign businesses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

46. Please rate the following capabilities for the foreign affiliate in this country , compared to its major competitors:

	1-Much weaker	2	3-The same	4	5-Much stronger
Advertising and promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public relations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal selling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pricing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New product/service development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental scanning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing skill development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing implementation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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SECTION E – PERFORMANCE OF THE FOREIGN MARKET

The questions in Section E of this questionnaire aim to collect information about the performance that has been achieved by this foreign affiliate.

47. For each of the following criteria, how will you characterize the performances of the indicated product in this country during the past 3 years (i.e., 2009-2011) (If it has been exited, please report the overall performance before exit)?

	Compared with initial objectives	Compared to your major competitors
Sales volume	<input type="text"/>	<input type="text"/>
Profitability rate	<input type="text"/>	<input type="text"/>
Market share	<input type="text"/>	<input type="text"/>
Time to market for new export venture products	<input type="text"/>	<input type="text"/>
Competitive position	<input type="text"/>	<input type="text"/>
Customer/distributor loyalty	<input type="text"/>	<input type="text"/>
Overall performance	<input type="text"/>	<input type="text"/>

48. Please indicate profitability of the foreign affiliate in this country for each of the past 3 years (i.e., 2009-2011) (If it has been exited, please report the profitability of the last three years before exit):

	Profitability at the Headquarters	Profitability of the foreign affiliate
Year 2011 (or the year of exit):	<input type="text"/>	<input type="text"/>
Year 2010 (or the first year before exit):	<input type="text"/>	<input type="text"/>
Year 2009 (or the second year before exit):	<input type="text"/>	<input type="text"/>

49. In terms of the goal setting for the foreign affiliate in this country and Chinese headquarters, please indicate to what extent you agree or disagree with the following statements.

	1-Strongly agree	2	3-Neither agree nor disagree	4	5-Strongly disagree
Clear objectives are set for the foreign affiliate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Goals of the foreign affiliate are clearly communicated between the Chinese headquarters and the foreign affiliate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The group company's objectives are clearly defined by the Chinese headquarters.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

50. Considering all your outward FDI business, please indicate the MOST RECENT experience in the formal discussion process of deciding whether or not the company should partially/fully exit from a foreign market, it refer to (if you have no such experience, please select the first option "No experience"):

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A STUDY ON THE DETERMINANTS OF CHINESE OUTWARD FDI (FOREIGN DIRECT INVESTMENT) FIRMS' SURVIVAL

SECTION F- EXPERIENCES IN EXIT DECISIONS

Note: The following questions are about the indicated MOST RECENT discussion about the exit behavior. (If you are a SUBSIDIARY MANAGER, these questions are about the MOST RECENT discussion of whether to partially/fully exit the foreign affiliate you are responsible for.)

51. Please indicate how knowledgeable you are about the following aspects:

	0-Not at all knowledgeable	1	2	3	4	5-Moderately knowledgeable	6	7	8	9	10-Completely knowledgeable
Marketing strategy of the foreign affiliate under exit discussion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The whole decision making process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

52. Regarding the in this country, please indicate the predictability of the environments during the decision-making period:

	1-Never predictable	2	3	4	5-Always predictable
Actual users of our products (buying habits, taste and preference)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market activities of competitors for our customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government constraints (including legal, political, and economic aspects) on our industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The public's political views and attitudes towards our industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our relationships with the foreign trade unions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exchange rate of the foreign currency against Chinese currency (i.e. RMB)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

53. Regarding the in this country, please indicate the magnitude of the following costs (compared with the average costs of those at the headquarters):

	1-Much lower	2	3-The same	4	5-Much higher
Initial set-up capital investment (such as purchase of plant site, training of employees, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accumulated investment(normal costs of doing business such as expenditure on R&D, production, marketing, education, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exit costs (the disposal of stores and sites, pension entitlement of some employees, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

54. Regarding the overall situations at the Chinese headquarters at the time of exit discussion, please indicate to what extent you agree or disagree with the following statements:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
The headquarters had been operating below engineered capacity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters' retained earnings had been sufficient for market expansion.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The headquarters had a pool of financial resources that could be used on a discretionary basis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters was able to secure necessary bank loans.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

55. Please indicate to what extent the in this country shares the following items with the core business unit of the headquarters:

	1-Never share	2	3	4	5-Always share
Product technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After sales services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
End-customer types	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technical skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Administrative skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

56. Regarding the in this country , please indicate to what extent it fulfills the following functions

	1-Entirely unfulfilled	2	3	4	5-Entirely fulfilled
Understanding the strategic priorities of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aligning the foreign affiliate's strategies with the strategic plan of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adapting the goals/objectives of the foreign affiliate to the changing goals/objectives of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining a mutual understanding with headquarters management on the role of the foreign affiliate in supporting the headquarters' strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identifying the foreign affiliate-related opportunities to support the strategic direction of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

57. For the business of the in this country , please indicate to what extent you agree or disagree with the following statements:

	1-Strongly disagree	2	3-Neither disagree nor agree	4	5-Strongly agree
I believed that it would fail to meet the hurdle rates set by headquarters.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believed that it would be a success.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ultimately, I believed that it would contribute negatively to my annual performance rating.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The performance of it will help my career.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I was committed to it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would feel guilty if I stopped funding it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I tended to stick with it, no matter what problems encountered.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I felt a sense of loyalty to it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

58. Assuming that you were the president, please indicate the likelihood that you would authorize the funds necessary to continue the in this country :

	0-Not at all likely	1	2	3	4	5-Moderately likely (50% chance)	6	7	8	9	10-Most likely (100% chance)
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Likelihood of authorization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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59. Regarding your self-concern in workplace, please indicate to what extent you agree or disagree with the following statements:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
At work, I am concerned about my own needs and interests.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
At work, my personal goals and aspirations are important to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
At work, I consider my own wishes and desires to be relevant.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

60. Please indicate to what extent you agree or disagree with the following statements about the top management team who participated the exit discussion:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
Managers have a preference for high risk projects.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers have a tendency to take the first mover's advantage by leading the competition.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers make quick decisions if they believe it will provide a new competitive advantage.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers lead the industry in implementing new processes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers provide rewards for innovative suggestion.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

61. Please indicate the number of participants in the exit discussion.

	Number of headquarters participants	Number of foreign affiliate participants
Number of participants	<input type="text"/>	<input type="text"/>

62. Are you one of the initiators who proposed to establish the foreign affiliate?

☐ Yes ☐ No

63. Regarding the in this country , did it finally exit the market?

☐ No ☐ Yes

If "No", the main reason is:

64. Please indicate the year of exiting from the foreign market:

year of exit

65. Please indicate the changes that have been made within the group company after the exit of the foreign affiliate in this country :

	1-Much smaller/lower/simpler/worse	2	3-The same	4	5-Much larger/higher/more complicated/better
The number of foreign affiliates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The number of industry involved	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization's structure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

:

66. How long did it take the management team to reach a final decision?

	Years	Months	Days
Overall time	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>

67. In your opinion, how long should it take the management team to reach the final decision?

	Years	Months	Days
Overall time (should be)	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>

Prev

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A STUDY ON THE DETERMINANTS OF CHINESE OUTWARD FDI (FOREIGN DIRECT INVESTMENT) FIRMS' SURVIVAL

SECTION F – OPINIONS ABOUT EXIT DECISIONS

51. Regarding the foreign affiliate in this country , please indicate the magnitude of the following costs (compared with the average costs of other foreign affiliates within the group company):

	1-Much lower	2	3-The same	4	5-Much higher
Initial set-up capital investment (such as purchase of plant site, training of employees, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accumulated investment(normal costs of doing business such as expenditure on R&D, production, marketing, education, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exit costs (the disposal of stores and sites, pension entitlement of some employees, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

52. Regarding the overall situations at the headquarters, please indicate to what extent you agree or disagree with the following statements:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
The headquarters had been operating below engineered capacity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters' retained earnings had been sufficient for market expansion.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters had a pool of financial resources that could be used on a discretionary basis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters was able to secure necessary bank loans.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

53. Please indicate to what extent this most important foreign affiliate shares the following items with the core business unit of the headquarters:

	1-Never share	2	3	4	5-Always share
Product/service technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product/service design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After sales services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
End-customer types	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technical skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Administrative skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

54. Regarding the foreign affiliate in this country , please indicate to what extent it fulfills the following functions.

	1-Entirely unfulfilled	2	3	4	5-Entirely fulfilled
Understanding the strategic priorities of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Concerning the strategic priorities of the headquarters

Aligning the foreign affiliate's strategies with the strategic plan of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adapting the goals/objectives of the foreign affiliate to the changing goals/objectives of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining a mutual understanding with headquarters management on the role of the foreign affiliate in supporting the headquarters' strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identifying the foreign affiliate-related opportunities to support the strategic direction of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

55. Regarding your self-concern in workplace, please indicate to what extent you agree or disagree with the following statements:

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
At work, I am concerned about my own needs and interests.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
At work, my personal goals and aspirations are important to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
At work, I consider my own wishes and desires to be relevant.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 56. Please indicate to what extent you agree or disagree with the following statements about the managers (top management team) in the foreign affiliate in this country :

	1-Strongly disagree	2	3-Neither agree nor disagree	4	5-Strongly agree
Managers have a preference for high risk projects.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers have a tendency to take the first mover's advantage by leading the competition.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers make quick decisions if they believe it will provide a new competitive advantage.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers lead the industry in implementing new processes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers provide rewards for innovative suggestion.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

57. Regarding the marketing strategies for the foreign affiliate in this country , please indicate to what extent the same factors have been changed from 2009 to 2011 when comparing those in the domestic market.

	1-Becoming more similar	2	3-No changes	4	5-Becoming more different
Product strategy (including product design, package, brand, and warranties, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promotion strategy (including promotion budget, promotion approach, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price strategy (including price level, payment terms, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distribution strategy (including channel coverage, channel control, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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SECTION G – MANAGERIAL CHARACTERISTICS

The questions in Section G aim to collect some basic information about you. Once again this information will remain confidential.

68. Please indicate how knowledgeable you are about the following aspects.

	0-Not at all knowledgeable	1	2	3	4	5-Moderately knowledgeable	6	7	8	9	10-Completely knowledgeable
Headquarters' overall strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Headquarters' performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The foreign affiliate's strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The foreign affiliate's performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

69. Your position in the firm:

Other (please specify)

70. About your basic information.

	Gender	Age	Working years at the headquarters	Working years in the foreign affiliate	Working years outside China
basic information	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

71. About your level of education:

	Level of education	Level of proficiency in local language
1	<input type="text"/>	<input type="text"/>

Other (please specify):

72. To ensure that you receive a report with the results of this study, please fill out the following information so that we could post it to you (Please note: "Headquarter company's name" requires an answer).

Name:	<input type="text"/>
Headquarter company's name:	<input type="text"/>
Address line 1:	<input type="text"/>
Address line 2:	<input type="text"/>
ZIP/Postal Code:	<input type="text"/>
Email Address:	<input type="text"/>
Phone Number:	<input type="text"/>

Appendix 3. Online Questionnaire (Chinese Version)



Durham University

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财经时报全球MBA排名中位于世界第55，英国第10

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1. 第一部分-问卷选择

12%

首先非常感谢您参与我们的问卷调查，您的认真回答对我们的研究非常重要。本问卷会占用您约**15-30分钟**的时间（可以分多次完成，每次回答后直接关闭，电脑会记录您已经选择的答案）。作为回报，我们会将邮寄给您本次调查研究报告的结论部分。这是一项跨国研究，和您一样的许多国内外管理者也正在参与调查。我们相信本次大规模研究的结论有助于贵公司制定长期成功的对外直接投资进入扩张战略和中国政府对外直接投资政策的制定。同时，完成问卷您将有**10%**的机会赢得杜伦大学纪念品一份（如下图所示）。



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名片夹



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徽章别针



圆珠笔



花形荧光笔




鼠标垫



系巾



记事本



会议用品套装



红绳手链



精致相框 (3.5' x 5')



50年代杜伦游行铁器图 (15' x 10')



杜伦铁路桥原图 (15' x 10')



音乐CD



系巾

1. 请从下拉菜单的十位数字中选择一位作为你的兑奖号码。在数据收集阶段结束后，我们将从中抽选1位数字作为中奖号码并在第一时间联系获奖者并邮寄奖品。

号码

请选择您的兑奖号码：

2. 为了确保您收到本研究的结果报告和杜伦大学的纪念品，请填写下列邮寄信息（其中，“总公司名称”为必填项）。

姓（名）：

总公司名称：

总公司地址：

邮政编码：

电子邮箱：

电话号码：

3. 请问您目前主要是负责总部业务还是附属机构业务？

☐ 公司总部

☐ 国外附属机构

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2. 第二部分-公司性质

25%

这一部分的问题旨在了解贵公司的背景信息。我们再次强调对您提供的信息严格保密。

1. 贵公司（中国公司总部）的成立年份（请选择）：

2. 中国公司总部目前全职员工的人数（如，50）：

3. 中国公司总部所在的主要行业（请选择）：

4. 中国公司总部所处的地理位置（请选择）：

5. 中国公司总部登记注册的企业类型（请选择）：

6. 请选择整个集团公司2011年全年的营业收入总额（货币单位：人民币元）：

7. 2011年总营业收入中，国外营业收入所占的百分比（请选择）：

8. 中国公司总部首次开展国际业务的年份（注意：包括任何形式的国际业务，如出口，租赁，特许经营，建立合资企业，建立子公司等）：

9. 中国公司总部首次开始对外直接投资的年份（对外直接投资指贵公司直接或间接地拥有对另一个国家/经济体的一家公司或非法人企业至少10%的投票表决权。其国外附属机构的形式只包括子公司，分公司，联营公司，合资公司和国外办事处）：

10. 贵公司所有国外附属机构的地理位置（可以多选）

☐ 亚洲
 ☐ 非洲
 ☐ 欧洲
 ☐ 拉丁美洲
 ☐ 北美洲
 ☐ 大洋洲

其他（请注明）

11. 贵公司国内外附属机构（如，子公司/分公司/合资公司/联营公司/办事处）的数量：

国内数量：

国外数量：

附属机构的数量

12. 许多公司都有经历过是否部分或全部退出其国外市场业务的讨论过程，无论他们最终是否真正退出。考虑贵公司的对外直接投资业务，请问您至今有没有参与过正式讨论将其部分或全部退出某国外市场：

☐ 有

☐ 没有

如果“有”，总共经历的次数为：

13. 贵公司对外直接投资中最重要的国家/地区是（请选择）：

14. 贵公司附属机构提供的主要产品/服务名称是（请填写）：

15. 请问您最近经历的一次关于是否退出国外市场的讨论是涉及：

其他（请注明）

16. 该附属机构所在的国家/地区是：

17. 贵公司附属机构提供的主要产品/服务名称是（请填写）：

18. 请选择贵公司在提供的产品/服务类型：

其他（请注明）

19. 请选择该产品/服务目前在所处的发展阶段（如果该产品/服务已经退出，则是指其退出时所处的阶段）：

20. 请选择该产品/服务的技术密集程度（“高技术密集型”是指该产品/服务的生产需要运用大量的科学技术知识）：

1-极低

2

3-中等

4

5-极高（如，航空材料）

产品/服务的技术密集程度

☐

☐

☐

☐

☐

21. 贵公司开始直接投资该产品/服务到的年份：

22. 请选择贵公司此附属机构的性质：

其他（请注明）

23. 请指出贵公司在附属机构的员工人数（如，50）：

24. 请指出由中国总部任命并可参与附属机构战略决策的（中国或外国）高层管理者人数：

25. 请指出贵公司该附属机构承担的主要职能（可以多选）：

☐ 采购当地原材料

☐ 研究开发新产品/技术

☐ 提供服务（如，咨询，售后服务）

☐ 生产产品

☐ 销售产品给中间商

☐ 开发与维持客户关系

☐ 装配/加工产品

☐ 销售产品给最终用户

☐ 搜集信息（以决定是否进一步投资）

☐ 订单处理

☐ 物流配送

：

26. 贵公司为此附属机构的设立准备了多久（从开始计划到进入市场）？

年

月

附属机构的准备时间

上一题

下一题

[SurveyMonkey 技术支持](#)
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Ranked 55th in the World and top ten in the UK in the Financial Times Global MBA ranking
财经时报全球MBA排名中位于世界第55, 英国前10

Please contact (请联系): Qun Tan (谭群) Email: qun.tan@durham.ac.uk Mobile: +44 07774492942

关于中国对外直接投资企业生存行为的研究

3. 第三部分 – 企业环境

38%

重要提示: 如果您是国外附属机构经理, 问卷所有问题都是针对您所在的附属机构所在的国家 and 在该国家提供的主要产品/服务。

1. 请指出此附属机构所处的业务环境与中国国内环境的相似程度。

	1-非常相似	2	3	4	5-非常不同
一般环境 (包括经济, 行业, 技术, 通信和营销基础设施等发展水平)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
政治/法律环境	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
人均收入	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
消费者的购买力	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
生活方式	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
消费者偏好	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
文化教育水平	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
语言	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
文化价值, 信仰, 态度和传统	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. 请指出贵公司的此附属机构业务在下列各方面得到的政府支持力度。

	1-没有支持	2	3	4	5-大量支持
财政金融方面: ——税收减免 (如, 关税, 企业所得税, 外国税)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——信用支持 (如, 政策性投资保险, 信用担保)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——资金支持 (如, 银行贷款, 中央和地方政府的专项资金支持和补助)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——外汇政策支持	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
信息方面: ——提供关于国外市场机会/障碍的信息	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——提供在不同国家和不同行业开展业务的基本指南	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——提供关于对外直接投资的出版物 (包括在线新闻通讯, 专题报告, 统计数据)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
教育和培训方面: ——对外投资的培训项目	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——提供对外直接投资业务的咨询意见	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——组织对外直接投资研讨会/会议	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

贸易活动方面：——协助参加国际对外投资洽谈会/贸易展示会

——中国驻外机构提供的贸易支持（如，协助最初的客户联系，跟进国外市场的供求信息）

3. 请指出您对下列关于此附属机构产品市场环境的各项描述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
我们行业的技术正在快速变化。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我们行业的技术变化为企业提供了重大机遇。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
很难预测未来5年我们行业所处市场的技术水平。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
很难预测我们所处的市场中顾客的需要将如何变化。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
很难预测市场上的竞争行为。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我们所处的市场存在很大的不确定性。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
总体而言，很难弄清市场将如何变化。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. 请您指出下列两种情况下，此附属机构市场的竞争情况。

与同行业的中国市场比较 客观评价（不与中国市场比较）

新竞争者进入产品/服务市场的速度	<input type="text"/>	<input type="text"/>
行业内“促销战”爆发的频率	<input type="text"/>	<input type="text"/>
新产品/服务被竞争者引入的频率	<input type="text"/>	<input type="text"/>
价格竞争的强度	<input type="text"/>	<input type="text"/>
行业内总体竞争的强度	<input type="text"/>	<input type="text"/>

5. 与主要的竞争对手相比较，请指出贵公司的此附属机构在下列各方面的竞争地位。

	1-差很多	2	3-相同	4	5-好很多
产品/服务差异化	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
产品/服务价格	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
分销渠道	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
促销和沟通	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
人力资源	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
成本	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. 请指出您在以下各方面有多少经验。

	1-没有	2	3	4	5-非常丰富
对外直接投资的专业经验	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
海外经历（如，国外旅游/学习/工作/生活）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

国际商务培训（如，参加正规的课程，对外直接投资研讨会）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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7. 与国外市场主要竞争对手比较，请指出贵公司此附属机构的下列各项能力水平。

	1-差很多	2	3-相同	4	5-好很多
支持当前主导产品或服务的创新能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
支持主导产品或服务现有专业知识的创新能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
支持当前竞争方式的创新能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
淘汰当前主导产品和服务的创新能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
根本性改变当前主导产品或服务的创新能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
淘汰主导产品或服务的现有专业知识的创新能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. 关于贵公司在此附属机构提供的主要产品/服务，请您指出下列市场条件具有的吸引力。

	1-非常没有吸引力	2	3-一般	4	5-非常有吸引力
需求潜力	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
盈利增长预期	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
市场增长	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
现有市场规模	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. 关于此附属机构，请您选择对下列说法的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
该附属机构的业务活动会影响集团公司其他附属机构的业绩。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该附属机构的工作与集团公司其他附属机构的工作是有关联的。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
集团公司其他附属机构的业务活动会影响该附属机构的业绩。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该附属机构任务的有效履行要依赖于集团公司其他附属机构的有效运作。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. 请指出贵公司总部和此附属机构之间以下列各种方式交流的频率。

	1-一年少于一次	2	3-每月	4	5-每天
面对面交流	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
电话交流	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
日常和定期正式报告	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
电子邮件/纸质信件/备忘录交流	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. 关于贵公司总部和此附属机构之间的关系，请您选择对下列说法的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
总部会兑现其对附属机构营销运营所作的承诺。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

国外附属机构相信公司总部提供的所有信息。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
总部真正地关心附属机构营销运营的成功。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
总部在制定关于附属机构所在市场的营销决策时会考虑附属机构的利益。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
总部市场运营部门的成员是值得信任的。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
总部市场运营部门的成员对附属机构人员不总是以诚相待。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. 请您指出在通常情况下总部对此附属机构的下列市场决策的影响程度。

1-完全由附属机构决定 2-附属机构决定-总部影响 3-附属机构和总部有相同的影响力 4-总部决定-附属机构影响 5-完全由总部决定

产品/服务设计	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
品牌名称	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
包装设计	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
定价	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
分销渠道	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
销售人员管理	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
促销活动	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. 关于此附属机构，请指出您对下列描述的同意程度。

1-强烈不同意 2 3-保持中立 4 5-强烈同意

我很乐意在这个附属机构中度过我剩余的职业生涯。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我很享受与外面的人谈论该附属机构。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我真地觉得这个附属机构的问题就是我的问题。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该附属机构对我的个人意义很大。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
在该附属机构，我感觉自己是这个大家庭的一份子。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. 请您指出此附属机构的下列业务实践的改变受到其与中国利益集团（如，总公司，集团公司的其他附属机构，中国政府等）或东道国各利益集团（如，当地客户，供应商，竞争对手，政府，工会，高校机构等）的互动关系影响程度。

1-很大程度上（由于与国内利益集团的互动关系） 2 3-同等程度上（由于与国内和国外利益集团的互动关系） 4 5-很大程度上（由于与国外利益集团的互动关系）

运营实践（日常活动）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
能力发展实践（如，标杆瞄准，最佳实践，知识管理等）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
战略实践（如，新产品开发战略，竞争战略等）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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关于中国对外直接投资企业生存行为的研究

4. 第四部分 – 营销战略

50%

第四部分的问题旨在了解贵公司在该国外附属机构的主要产品/服务的营销战略。

1. 想一想该产品/服务在此附属机构市场上的营销战略，请您指出它与贵公司为国内市场相似产品/服务制定的营销战略的相似程度。

	1-非常相似	2	3	4	5-非常不同
产品/服务战略：产品/服务定位	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——产品/服务质量	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——产品/服务设计风格	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——产品/服务包装	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——产品/服务标签	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——品牌名称	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——售前和售后服务/担保	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
促销战略：促销预算	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——广告主题	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——媒体分配	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——营业推广	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——公共关系活动	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——人员推销	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
定价战略：对终端消费者的销售价格	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——对贸易客户的销售价格	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——对贸易客户的边际利润	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——对终端消费者的边际利润	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——销售/信用条款	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
分销战略：分销渠道的控制	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——使用的中间商类型	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
——分销覆盖面	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

———库存控制	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
———订单处理系统	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. 请指出贵公司此附属机构提供的产品/服务价格在下列各方面与主要竞争对手相比较的竞争性。

	1-差很多	2	3-相同	4	5-好很多
购买前顾客花费的交通运输费用	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
产品/服务价格	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
支付条款（便利性和安全性）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. 请指出贵公司就此附属机构的产品/服务对其分销商提供的支持力度。

	1-没有	2	3	4	5-大量
对分销商的总体支持	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
对分销商的培训支持	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
对分销商的促销支持	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
对分销商的合作支持	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
与分销商互动	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. 考虑贵集团公司的所有业务，请选择您对下列陈述的同意程度：

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
世界上的每一个市场对我们的整体业务来说都很重要。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
为了从整体上提高集团绩效，单个境外附属机构愿意牺牲自己的盈利。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我们的国内业务比国外业务更有优先地位。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. 与主要的竞争对手相比较，请您对贵公司此国外附属机构的下列各项能力进行评分。

	1-差很多	2	3-相同	4	5-好很多
广告和促销	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
公共关系	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
人员推销	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
定价	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
分销	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
新产品/服务开发	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
环境扫描	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
市场策划	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
营销技能开发	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
营销实施	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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财经时报全球MBA排名中位于世界第55, 英国前10

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关于中国对外直接投资企业生存行为的研究

5. 第五部分 – 经营业绩、目标和战略变化

62%

第五部分的问题旨在了解贵公司总部及国外附属机构在国外市场的经营业绩、目标和战略变化。我们再次强调对您提供的信息严格保密。

1. 想一想该产品/服务过去3年（2009-2011年）在此附属机构市场上取得的业绩，请选择您对下列各项具体业绩指标的评价（如果该产品/服务已经退出此附属机构市场，则是指其退出当年及前2年的总体业绩状况）。

	与初期目标相比较	与主要竞争对手相比较
销售量	<input type="text"/>	<input type="text"/>
销售增长率	<input type="text"/>	<input type="text"/>
市场份额	<input type="text"/>	<input type="text"/>
竞争地位	<input type="text"/>	<input type="text"/>
新产品的上市时间	<input type="text"/>	<input type="text"/>
顾客/分销商的忠诚度	<input type="text"/>	<input type="text"/>
总体业绩	<input type="text"/>	<input type="text"/>

2. 请选择公司总部及此附属机构在过去3年的利润率及变化状况（如果该国外附属机构已经退出市场，则是指退出当年及前面2年的利润率）：

	公司总部利润率	该附属机构利润率
2011年（或退出当年）：	<input type="text"/>	<input type="text"/>
2010年（或退出前第1年）：	<input type="text"/>	<input type="text"/>
2009年（或退出前第2年）：	<input type="text"/>	<input type="text"/>

3. 关于此附属机构和总部的目标设置，请指出您对下列各项陈述的同意程度。

	1-非常不同意	2	3-保持中立	4	5-非常同意
该附属机构有清晰的目标设定。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该附属机构的目标设定在公司总部和该附属机构之间有明确的沟通。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
总部对整个集团公司的目标有清晰的定义。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. 考虑贵公司的对外直接投资业务，请问您最近一次参加的退出讨论决策是关于（如果没有参加过，请选择“没有经历过”）：



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关于中国对外直接投资企业生存行为的研究

6. 第六部分 – 退出决策经历

75%

注意: 下列问题涉及您最近经历的一次讨论关于该。请如实回答, 我们再次承诺对您提供的信息严格保密。

1. 请指出您对下列内容的知晓程度。

0-完全不知道 1 2 3 4 5-知道大约一半 6 7 8 9 10-完全知道

该附属机构退出决策的制定过程

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

2. 关于该, 请指出在制定决策期间此附属机构面临的外部环境的可预测程度。

1-从来不可预测 2 3 4 5-总是可以预测

我们产品/服务的实际使用者 (购买习惯, 口味和偏好)

☐ ☐ ☐ ☐ ☐

竞争对手针对我们的客户所采取的市场活动

☐ ☐ ☐ ☐ ☐

政府对我们所处行业的管制 (包括法律, 政治, 和经济方面)

☐ ☐ ☐ ☐ ☐

公众对我们机构所处行业的政治观点和态度

☐ ☐ ☐ ☐ ☐

我们机构与国外工会的关系

☐ ☐ ☐ ☐ ☐

国外附属机构货币兑人民币的汇率

☐ ☐ ☐ ☐ ☐

3. 对于此, 请您指出其所经营业务的下列各项成本与总公司其他附属机构经营业务的平均成本相比较的水平。

1-远低于平均水平 2 3-等于平均水平 4 5-远高于平均水平

最初的启动资本投资 (如, 购买厂区, 员工培训)

☐ ☐ ☐ ☐ ☐

累计/追加投资 (如研发, 生产, 营销, 教育等正常业务开支)

☐ ☐ ☐ ☐ ☐

退出成本 (商店和厂房的处理, 部分员工的养老金津贴等)

☐ ☐ ☐ ☐ ☐

4. 关于此退出讨论决策期间贵公司总部的总体状况, 请指出您对下列陈述的同意程度。

1-强烈不同意 2 3-保持中立 4 5-强烈同意

公司总部有足够的留存收益可用于市场扩张。

☐ ☐ ☐ ☐ ☐

公司总部一直以低于生产能力的状态在运营。

☐ ☐ ☐ ☐ ☐

公司总部有一些财政资源储备可以酌情使用。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
公司总部能获得必要的银行贷款。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. 请您指出此所经营的产品/服务与总部的核心业务单元共享下列各项资源的程度。

	1-从不共享	2	3	4	5-总是共享
产品/服务技术	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
产品/服务设计	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
售后服务	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
终端客户类型	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
销售渠道	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
技术技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
营销技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
行政管理技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. 请您指出此对下列职能的履行程度。

	1-完全没履行	2	3	4	5-完全履行
理解总部的战略重点	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
使附属机构的战略与公司总部的战略规划保持一致	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
调整外国附属机构的目的/目标以适应不断变化的公司总部目的/目标	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
关于外国附属机构在支持总部战略中扮演的角色，与公司总部保持相互理解	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
识别与外国附属机构相关的机会以支持公司总部的战略方向	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. 对于此，请指出您对下列陈述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
我认为该附属机构业务不能实现总部设置的必要收益率。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我认为该附属机构业务会取得成功	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我认为该附属机构业务会对我的年度绩效考核带来负面影响。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该附属机构的业绩有助于我的事业。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我对该附属机构很用心。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
如果停止为该附属机构筹资，我会感到愧疚。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
无论面临什么问题，我都会将该附属机构业务坚持下去。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
我觉得我对该附属机构很忠诚。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. 假如您是贵公司的董事长，请指出您会授权给予必要的资金以继续维持此的可能性。

	0-完全不可能	1	2	3	4	5-一半的可能性	6	7	8	9	10-最有可能 (100%)
授权给予资金的可能性	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. 关于您在工作中表现出的自我关注，请指出您对下列陈述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
在工作中，我关注我自己的需要和兴趣。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
在工作中，我的个人目标和抱负对我而言非常重要。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
在工作中，我认为我自己的愿望和追求是有重要作用的。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. 关于参与这次退出决议的高层管理团队，请指出您对下列描述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
管理者们对高风险的项目有偏好。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理者们倾向于通过引领竞争来取得先发优势。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
如果管理者们认为某项目会提供新的竞争优势，他们会迅速作出决定。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理者们带领行业实施新工艺。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理者们对创新性的建议提供奖励。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. 对于此，请指出您个人对下列陈述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
将该附属机构退出国外市场对集团公司有益。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
将该附属机构退出国外市场会为集团公司带来潜在收益。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
将该附属机构退出国外市场对集团公司有消极影响。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
将该附属机构退出国外市场很可能为集团公司带来大量损失。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. 关于此的退出决策制定过程，请分别指出公司总部和附属机构参与者的人数。

总部参与者人数：		附属机构参与者人数：	
参与退出讨论的人数	<input type="text"/>		<input type="text"/>

13. 您是提议建立该国外附属机构的发起人之一吗？

☐ 是 ☐ 不是

14. 对于被讨论的此，它最终有没有退出市场？

☐ 没有退出 ☐ 退出了

“没有退出”的主要原因是：

15. 请您指出此附属机构退出后至今，集团公司在下列各方面发生的变化情况：

	1-减少/降低/精简/变差很多	2	3-无变化	4	5-增加/提高/复杂/变好很多
国外附属机构数量	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
涉入的行业数量	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
组织结构	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
整体经营业绩	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
企业最重要的利益相关者对企业声誉的评价	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
其他（请指明）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

:

16. 请指出该业务退出国外市场的年份：

退出年份

17. 达成最终决定总共花了高层管理团队多长时间？

年 月 日

总共：

18. 在您看来，达成最终决定应该花多长时间？

年 月 日

总共应该：

上一步

下一步

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关于中国对外直接投资企业生存行为的研究

6. 第六部分-有关退出决策

88%

1. 关于贵公司的此附属机构, 请您指出其所经营业务的下列各项成本与总公司其他国外附属机构经营业务的平均成本相比较的水平。

	1-远低于平均水平	2	3-等于平均水平	4	5-远高于平均水平
最初的启动资本投资 (如, 购买厂区, 员工培训)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
累计/追加投资 (如研发, 生产, 营销, 教育等正常业务开支)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
退出成本 (商店和厂房的处理, 部分员工的养老金津贴等)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. 关于贵公司总部的总体资源状况, 请指出您对下列陈述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
公司总部有足够的留存收益可用于市场扩张。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
公司总部一直以低于生产能力的状态在运营。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
公司总部有一些财政资源储备可以酌情使用。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
公司总部能获得必要的银行贷款。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. 关于贵公司的此附属机构, 请您指出其所经营的产品/服务与总部的核心业务单元共享下列各项资源的程度。

	1-从不共享	2	3	4	5-总是共享
产品/服务技术	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
产品/服务设计	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
售后服务	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
终端客户类型	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
销售渠道	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
技术技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
营销技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
行政管理技能	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. 关于贵公司的此附属机构，请您指出其对下列职能的履行程度。

	1-完全没履行	2	3	4	5-完全履行
理解总部的战略重点	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
使附属机构的战略与公司总部的战略计划保持一致	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
调整外国附属机构的目的/目标以适应不断变化的公司总部目的/目标	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
关于外国附属机构在支持总部战略中扮演的角色，与公司总部保持相互理解	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
识别与外国附属机构相关的机会以支持公司总部的战略方向	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. 关于您在工作中表现出的自我关注，请指出您对下列陈述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
在工作中，我关注我自己的需要和兴趣。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
在工作中，我的个人目标和抱负对我而言非常重要。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
在工作中，我认为我自己的愿望和追求是有重要作用的。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. 关于此附属机构的高层管理团队（或经理人员），请指出您对下列描述的同意程度。

	1-强烈不同意	2	3-保持中立	4	5-强烈同意
管理者们对高风险的项目有偏好。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理者们倾向于通过引领竞争来取得先发优势。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
如果管理者们认为某项目会提供新的竞争优势，他们会迅速作出决定。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理者们带领行业实施新工艺。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
管理者们对创新性的建议提供奖励。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. 关于此附属机构的营销战略与总公司国内产品营销战略的相似程度，请您指出过去三年（2009-2011年）间贵公司附属机构在下列各方面战略的变化情况：

	1-变得与国内战略更加相似	2	3-无变化	4	5-变得与国内战略更加不同
产品/服务战略（包括产品设计，包装，品牌名称和担保等）：	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
促销战略（包括预算和促销方式等）：	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
定价战略（包括价格水平和支付条款等）：	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
分销战略（包括渠道的选择和控制等）：	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. 请您指出在过去的三年内（2009至2011年），集团公司在下列各方面发生的变化情况：

	1-减少/精简/变差很多	2	3-无变化	4	5-增加/复杂/变好很多
国外附属机构数量	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
涉入的行业数量	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
组织结构	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

整体经营业绩	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
企业最重要的利益相关者对企业 声誉的评价	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
其他（请指明）	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

:

上一步

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关于中国对外直接投资企业生存行为的研究

7. 第七部分 – 管理者特征

100%

第七部分的问题旨在了解您本人的相关信息。请尽可能准确回答。我们再次强调对您提供的信息严格保密。

1. 您在公司的职位:

其他 (请指明):

2. 请指出您对下列内容的知晓程度。

	0-完全不知道	1	2	3	4	5-知道大约一半	6	7	8	9	10-完全知道
公司总部的整体战略	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
公司总部的经营业绩	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该国外附属机构的战略	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
该国外附属机构的经营业绩	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. 请填写您的个人基本情况:

	性别	年龄	已在贵公司总部工作的年限	已在本国外附属机构工作的年限	在所有外国市场工作的年限
基本情况	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

4. 受教育程度:

	受教育程度	对附属机构所在地语言的熟练程度
受教育程度	<input type="text"/>	<input type="text"/>

上一面

完成

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